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# LEGAL MATTERS

IN-DEPTH ANALYSIS OF THE NEWS AND NEWSMAKERS THAT SHAPE  
EUROPE'S EMERGING LEGAL MARKETS

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**Letters to the Editors:**

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## GUEST EDITORIAL: MOVING FORWARD IN A GROWING REGIONAL MARKET

By Dimitris Assimakis, Partner, Reed Smith



Over the past three decades, Central and Eastern Europe (CEE) has experienced significant economic progress, which has catalyzed the development and sophistication of the legal profession within the region. As most economies in the region transitioned from centralized models to more market-driven frameworks, there arose a complex array of legal needs spanning corporate law, international trade regulations, intellectual property rights, environmental law, and others. This economic transformation has facilitated the growth of robust national law firms equipped to manage both the opportunities and challenges inherent in a rapidly expanding market environment.

The substantial economic growth in CEE has underscored the necessity for law firms to engage in extensive collaboration and networking. As cross-border transactions increase with the region's integration into global markets, these firms have recognized the importance of forming international networks and alliances. Such collaborations not only enhance the capability of firms to manage complex multinational deals but also allow them to provide a more comprehensive service offering that aligns with global standards. This is particularly crucial in an era where transactions often span multiple jurisdictions, demanding a seamless integration of varied legal systems and practices.

Moreover, the evolving economic landscape in the region demands legal professionals who are not only well-versed in international law but are also deeply knowledgeable about local market dynamics and industry-specific regulations. The importance of understanding EU law cannot be overstated – it forms a common legal framework for most countries in the CEE region, guiding everything from compliance to regulatory approvals. Lawyers with specialized industry expertise – whether it be in energy, technology, finance, or environmental law – are increasingly seen as critical to the success of law firms. Their ability to navigate both the macro and micro aspects of the legal and economic environment allows firms to offer tailored, strategic advice that addresses both the immediate and long-term objectives of their clients.

Furthermore, the imminent accession of new countries in the region to the EU presents an exciting development. This expansion opens up new business opportunities for law firms in the region, as the harmonization of legal frameworks and

regulations with EU standards facilitates cross-border transactions and trade and attracts new investments. The increased integration of these countries into the EU market creates a broader platform for legal professionals to engage in a wider range of commercial activities, offering potential growth and diversification for law firms in CEE. In addition to industry expertise, technology-driven solutions and AI will play a pivotal role. The adoption of AI and other technologies accelerates the processing of large volumes of data, predicts outcomes, and automates routine tasks, which enhances efficiency and accuracy in legal services. These technological advancements will enable law firms in CEE to stay competitive in a global market that continuously evolves technologically.

An in-depth understanding of local markets is equally crucial. As each country within the CEE region has its unique legal and regulatory framework, professionals who can adeptly navigate these local nuances can significantly mitigate risks and enhance the effectiveness of their legal strategies. This local expertise, coupled with a comprehensive understanding of EU law, is what will enable CEE law firms to competently handle sophisticated cross-border transactions that are pivotal for continuous growth and regional integration. Furthermore, the changing work dynamic toward remote working and the necessity for work-life balance policies cannot be ignored. The rise of remote working has fundamentally shifted how legal practices operate, providing flexibility and fostering a better work-life balance for legal professionals. Law firms that prioritize these aspects are likely to attract and retain top talent, contributing positively to their resilience and growth.

In summary, the economic advancements of the last 30 years within the CEE region have not only provided a fertile ground for the growth of the legal profession but have also raised the bar for legal services. The exponential increase in cross-border transactions necessitates robust collaboration and networking amongst law firms across borders. The integration of sophisticated technology, alongside strategies that promote work-life balance and adaptability to remote working trends, is essential. Success in this dynamic environment increasingly hinges on the availability of legal professionals who possess both deep industry knowledge and a good understanding of local markets, complemented by modern technological capabilities and a firm grasp of EU law. As the law firms in the region look toward the future, their ability to adapt and integrate these elements, alongside leveraging new business opportunities arising from the EU enlargement, will determine their resilience and influence in both the regional and global legal landscape. ●



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# ACROSS THE WIRE: DEALS AND CASES

Date	Firms Involved	Deal/Litigation	Deal Value	Country
23-Apr	Baker McKenzie; HBA	Baker McKenzie advised the Lindsay Corporation on its acquisition of a 49.9% stake in Austria-based Pessl Instruments, with an option to acquire the rest at a later date. HBA reportedly advised Gottfried Pessl on the sale.	N/A	Austria
25-Apr	Dorda; Morris Manning & Martin; Wilson Sonsini Goodrich & Rosati; Wolf Theiss	Dorda, working with Wilson Sonsini, advised fintech company IXOPAY and shareholders Rene and Nathalie Siegl on the merger with US cloud tokenization provider TokenEx. Wolf Theiss, working with US-based Morris Manning & Martin, advised TokenEx.	N/A	Austria
07-May	Wolf Theiss	Wolf Theiss advised the Arkema Group on its acquisition of a nearly 78% stake in ionic liquid start-up Proionic.	N/A	Austria
07-May	Bar & Karrer; Binder Groesswang; Hengeler Mueller	Binder Groesswang, working with Hengeler Mueller and Baer & Karrer, advised private equity investor Trill Impact on its partnership with cleanroom plastics manufacturer TT Medic.	N/A	Austria
08-May	Taylor Wessing	Taylor Wessing advised a syndicate of international banks on their EUR 600 million facility agreement for Wienerberger AG to refinance its acquisitions of the Terreal and Creaton groups. E+H reportedly advised the borrower.	EUR 600 million	Austria
08-May	Dentons; Dumfarth Klausberger; PHH Rechtsanwälte	PHH advised RGreen Invest on its EUR 50 million financing for the CCE Group to start construction of a 400-megawatt portfolio of photovoltaic projects. Dentons and Dumfarth Klausberger advised CCE.	EUR 50 million	Austria
10-May	Jank Weiler Operenyi; Schoenherr; Wolf Theiss	Schoenherr advised Euro Real Estate Holding on the indirect acquisition of the City Tower Vienna via United Benefits Holding from Immofinanz. Reportedly, Jank Weiler Operenyi advised Immofinanz and Wolf Theiss advised UniCredit Bank Austria.	N/A	Austria
08-May	Dorda	Dorda advised the Czech RSBC Investment Group on its strategic acquisition of Austrian firearm manufacturer Steyr Arms.	N/A	Austria; Czech Republic
09-May	Bar & Karrer; Eisenberger & Herzog; Havel & Partners; Klawitter Neben Plath Zintler; Latham & Watkins; Novacos; Schoenherr; Willkie Farr & Gallagher	E+H and Havel & Partners, working with Willkie Farr & Gallagher, have advised PAI Partners on the acquisition of VAMED Group's rehabilitation business from Fresenius. Schoenherr, working with Latham & Watkins, advised the sellers. Reportedly, Novacos, Baer & Karrer, and KNPZ Rechtsanwälte advised on the deal as well.	N/A	Austria; Czech Republic
07-May	EY Law; Taylor Wessing	Taylor Wessing advised the shareholders of the international Denkstatt Group on its integration with EY in Austria, Bulgaria, Romania, Hungary, and Slovakia. EY Law reportedly advised EY.	N/A	Austria; Hungary; Slovakia
16-Apr	Clifford Chance; Dentons; DLA Piper	Dentons advised Santander Bank Polska, Erste Group Bank, and Rand Merchant Bank on their EUR 145.2 million loan extended to EPP and Echo Investment for the refinancing of the Galeria Mlociny shopping center in Warsaw. Clifford Chance advised EPP and Echo Investment. DLA Piper advised Erste Bank on Austrian law aspects of the transaction.	EUR 145.2 million	Austria; Poland
10-May	Barentskrans; CMS; Kinstellar	Kinstellar advised Dutch aircraft maintenance provider SAMCO Aircraft Maintenance on the acquisition of Austrian Airlines Technik – Bratislava. CMS, working with Netherlands-based Barentskrans, advised Austrian Airlines on the sell side.	N/A	Austria; Slovakia
16-Apr	Bracewell; CMS; Spasov & Bratanov	CMS advised Greenvolt Power Solar Poland on its acquisition of an 80-megawatt photovoltaic project – including a battery energy storage system capable of storing electricity up to 25 megawatts per four hours – from AES Global Power Holdings. Spasov & Bratanov, working with Bracewell, advised the seller.	N/A	Bulgaria
24-Apr	Djingov, Gouginski, Kyutchukov & Velichkov	Djingov Gouginski Kyutchukov & Velichkov advised Bulgarian Stock Exchange-listed Bianor Holding on a capital increase through a share issuance that attracted 199 investors, including several institutional investors.	N/A	Bulgaria

Date	Firms Involved	Deal/Litigation	Deal Value	Country
07-May	Komarevski Dimitrov & Partners; PwC Legal	Komarevski Dimitrov & Partners advised Witte Automotive on its accelerated buy-out of the minority stake in Witte Injection Molding Bulgaria – previously operating as Forez BG – from FH holding. PwC Legal reportedly advised FH Holding.	N/A	Bulgaria
14-May	Boyanov & Co.; Gianni & Origoni	Boyanov & Co, working with Gianni & Origoni, advised UniCredit Bulbank and the United Bulgarian Bank on their financing for Plastchim-T's acquisition of Manucor.	N/A	Bulgaria
22-Apr	CMS	CMS advised Greece's Public Power Corporation on a cooperation framework agreement for the development and construction of almost 90 solar projects of up to 2,000 megawatts in Romania, Italy, Bulgaria, and Croatia. The deal is valued at up to EUR 2 billion and is expected to be implemented over the next three years.	N/A	Bulgaria; Croatia; Romania
19-Apr	BDV Legal	BDV Batarello Dvojkovic Vuchetich advised Kommunalcredit Austria on a EUR 25 million facility for the Star Energy Group's transition strategy into geothermal energy and for enabling continued investment in the group's oil and gas business.	EUR 25 million	Croatia
09-May	Savoric & Partners	Savoric & Partners advised Jadran Hoteli on a partnership agreement with Marriott International under its Tribute Portfolio.	N/A	Croatia
18-Apr	BBH	BBH successfully represented the Diamo state-owned enterprise in a dispute concerning its obligation to perform a contract worth over CZK 1 billion.	CZK 1 billion	Czech Republic
07-May	Kinstellar	Kinstellar advised Dig Ventures on its strategic investment into Czech mobile application security start-up Talsec.	N/A	Czech Republic
08-May	Glatzova & Co	Glatzova & Co advised Bohemia Properties on the sale of land in Strizkov to be used for a residential project to Daramis.	N/A	Czech Republic
09-May	Forlex; PwC Legal	PwC Legal advised Orlen Unipetrol Group on Orlen Projekt's acquisition of design and engineering activities from Brno-based UNIS and UNIS Power. Forlex advised the seller.	N/A	Czech Republic
09-May	Glatzova & Co	Glatzova & Co helped Pale Fire Capital obtain a license from the Czech National Bank for an investment company authorized to exceed the so-called "decisive limit."	N/A	Czech Republic
14-May	Clifford Chance	Clifford Chance advised Ceskoslovenska Obchodni Banka and Ceska Sporitelna on the financing for Oriens group member Central European Retail Holding's acquisition of the Hruska retail chain through the full acquisition of Hruska and Sempronemo. Clifford Chance also advised Oriens on the acquisition transaction.	N/A	Czech Republic
14-May	Havel & Partners	Havel & Partners advised HP Invest on its full acquisition of HP Tronic from Genesis Private Equity Fund III.	N/A	Czech Republic
24-Apr	Clifford Chance; Jalsovsky; Wolf Theiss	Clifford Chance, working with Jalsovsky, advised a club of banks led by Ceska Sporitelna on the financing for CVC Capital Partners and Emma Capital's acquisition of Packeta (reported by [CEE Legal Matters on January 9, 2024](https://ceelegalmatters.com/czech-republic/25312-white-case-and-havel-partners-advise-on-cvc-and-emma-capital-s-acquisition-of-packeta-group-from-jsk)). Wolf Theiss advised Packeta.	N/A	Czech Republic; Hungary
22-Apr	Magnusson	Magnusson successfully represented Albrecht & Dill Trading in having its claim accepted as part of the bankruptcy proceedings against Erst Finance, Albergrupp Teenused, and Omul-Fot, in bankruptcy.	EUR 625,000	Estonia
09-May	Cobalt; Linklaters	Linklaters and Cobalt have advised Mirova on its investment in the Estonia-based Baltic Storage Platform energy storage project, a joint venture between Corsica Sole and Evecon established in 2023.	N/A	Estonia; Poland
30-Apr	Kyriakides Georgopoulos	Kyriakides Georgopoulos advised CBE Capital and a consortium of sponsors on the EUR 95 million financing from Piraeus Bank for the development of the Six Senses Hotel and branded residences in Porto Heli, Greece.	EUR 95 million	Greece
02-May	Bernitsas	Bernitsas Law advised Piraeus Bank on its new EUR 500 million issuance and offering of senior preferred notes due April 2030, and their listing on the Euro MTF Market of the Luxembourg Stock Exchange.	EUR 500 million	Greece
10-May	Bernitsas	Bernitsas advised Eurobank on the issuance and offering of its new EUR 650 million senior preferred notes due April 2031 to international and domestic institutional investors, as well as their listing on the Euro MTF Market of the Luxembourg Stock Exchange.	EUR 650 million	Greece
13-May	Kyriakides Georgopoulos	Kyriakides Georgopoulos advised Lightsource BP on the financing-related land and regulatory due diligence of a PV project in Greece with a capacity of 560 megawatts and a budget of EUR 395.15 million in the areas of Larissa and Fthiotida.	N/A	Greece
14-May	Zepos & Yannopoulos	Zepos & Yannopoulos advised Hellenic Properties on its acquisition of a former industrial building located in Tavros, Attica, to be developed into a green office building.	N/A	Greece
24-Apr	Kinstellar	Kinstellar advised Wizz Air on the lease agreement for its new office headquarters in Budapest's Millennium Tower.	N/A	Hungary
08-May	Ban, S. Szabo & Partners; Deloitte Legal	Ban, S. Szabo, Rausch & Partners advised Talentis Group Zrt on its acquisition of a 100% interest in Brendon Holding Kft. Deloitte Legal reportedly advised the seller.	N/A	Hungary
16-Apr	Isailovic & Partners; Kinstellar; Lukman	Kinstellar advised the Hungarian Power Exchange and the Hungarian transmission system operator on the Project Bluesky transaction which saw HUPX join the regional Adex power exchange. Lukman Odvetniska Druzba reportedly advised Adex's Slovenian shareholder, ELES. Isailovic & Partners reportedly advised EMS, the Serbian shareholder of Adex.	N/A	Hungary; Serbia; Slovenia
02-May	Cytowski & Partners	Cytowski & Partners advised Kode Labs on its USD 30 million series B financing round with Maverix Private Equity. Canada's Osler Hoskin & Harcourt advised Maverix.	USD 30 million	Kosovo
17-Apr	TGS Baltic	TGS Baltic advised recycling company Eco Baltia on its acquisition – via its Latvijas Zalais Punkts subsidiary – of harmful and hazardous waste collection company Eko Osta.	N/A	Latvia
29-Apr	TGS Baltic	TGS Baltic, working with Hannes Snellman, advised Accel-KKR on its majority equity investment in the Aico Group.	N/A	Latvia

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17-Apr	TGS Baltic	TGS Baltic advised the investors, including Scale Wolf VC and Linas Sargautis, on participating in Vilnius-based Blackswan Space's EUR 760,000 pre-seed funding round.	EUR 760,000	Lithuania
17-Apr	Walless	Walless advised the Typhoon Wealth Group Limited on its acquisition of Lithuania's Ambr Payments.	N/A	Lithuania
19-Apr	TGS Baltic	TGS Baltic advised Coinvest Capital on liquidating its investment in Lithuanian crisp producer Chazz through the sale of its 26% stake to the company's founders and other shareholders.	N/A	Lithuania
06-May	Fort; Sorainen	Fort advised EIKA Grupe on its purchase, together with the Etapas Group, of the plot and project planned for the site at 4 Seinu Street, in Vilnius, from NT Pletros Grupe. Sorainen reportedly advised the seller.	N/A	Lithuania
06-May	Averus; Ellex (Valiunas)	Averus advised sellers Arunas Suika and Renata Suikiene on their sale of VS Fitness – operating eight fitness clubs in Lithuania – to Gym Plius. Ellex Valiunas reportedly advised the buyer. Estonian investment bank LHV financed the transaction.	N/A	Lithuania
09-May	BDK Advokati	BDK Advokati advised Turkish Net Holding subsidiary Net Montenegro on a casino concession agreement with the Government of Montenegro.	N/A	Montenegro
09-May	Schoenherr	Schoenherr advised the owners of ITgma on the sale of a majority ownership stake to Modirum.	N/A	North Macedonia
16-Apr	Gessel; Iurico	Gessel advised Poland's Elemental Strategic Metals on forming a joint venture with US-based Ascend Elements to recycle lithium-ion batteries and production waste from battery factories in Poland and other European countries. The Iurico Law Office advised Ascend Elements.	N/A	Poland
16-Apr	Rymarz Zdort Maruta; Schoenherr	Schoenherr advised Grupa Zywiec on executing a conditional agreement to sell the Lezajsk brewery to Mycofeast. Rymarz Zdort Maruta advised Mycofeast.	N/A	Poland
16-Apr	Rymarz Zdort Maruta	Rymarz Zdort Maruta advised Dutch company Northland Power International Holdings on its joint venture with Energa Wytwarzanie to provide asset management services through the newly established Baltic Offshore Service Solution company.	N/A	Poland
16-Apr	Deloitte Legal; WKB Wiercinski Kwiecinski Baehr	WKB Lawyers advised the Raben Group on a EUR 23.4 million financing from mBank that will also support the development of a new zero-emission logistics park in Silesia. Deloitte Legal advised mBank.	EUR 23.4 million	Poland
16-Apr	Ropes & Gray; Rymarz Zdort Maruta; Taylor Wessing	Rymarz Zdort Maruta, working with Ropes and Gray, advised Virtusa International on its acquisition of shares in ITmagination. Taylor Wessing advised ITmagination founders Daniel Arak, Dawid Lazinski, and Pawel Borowski on the sale.	N/A	Poland
17-Apr	CMS; Taylor Wessing	Taylor Wessing advised the MLP Group on its public offering of Series G bonds and their listing on the Catalyst alternative trading system of the Warsaw Stock Exchange. CMS reportedly advised arranger mBank.	N/A	Poland
19-Apr	Grant Thornton; MFW Fialek	MFW Fialek advised the shareholder of specialized waste management company Bioproten on the full sale of the operation to Eneris. Grant Thornton advised Eneris.	N/A	Poland
19-Apr	Allen & Overy; Greenberg Traurig	Allen & Overy advised Mutares SE & Co on its acquisition of Eitel Networks Energetyka and Eitel Networks Engineering. Greenberg Traurig advised seller Eitel AB on the deal.	N/A	Poland
19-Apr	DLA Piper; Rymarz Zdort Maruta	Rymarz Zdort Maruta advised Polish state-owned company Weglokoks on its acquisition of an 80% stake in Port Polnocny from Belgian group Sea-Invest. DLA Piper advised the seller.	N/A	Poland
22-Apr	Gessel; KPMG Legal	Gessel advised Depilacja.pl on its acquisition of a majority stake in Polish beauty and spa network Yasumi Polska, the related financing transaction, and its new shareholding structure. KPMG Legal reportedly advised the sellers.	N/A	Poland
22-Apr	Clifford Chance; Dentons	Dentons advised mBank on its PLN 199 million facility agreement with Enwind to refinance the existing Gluchow I wind farm and finance construction of the new Gluchow II wind farm, with a combined capacity of 40 megawatts. Clifford Chance advised Enwind.	PLN 199 million	Poland
23-Apr	CMS; Greenberg Traurig	Greenberg Traurig advised Redkom Development on its full sale of the Park Handlowy Glinianka retail complex near Warsaw to CEE-BIG Europe in a share deal. CMS reportedly advised BIG.	N/A	Poland
24-Apr	Norton Rose Fulbright; SSW Pragmatic Solutions	SSW Pragmatic Solutions advised Grupa Energa on its acquisition of a photovoltaic portfolio from Lightsource BP. Norton Rose Fulbright advised Lightsource BP.	N/A	Poland
29-Apr	MFW Fialek; Moskwa Jarmul Haladyj i Wspolnicy	MFW Fialek advised the Play Group on its acquisition of Polish telecommunications company Miconet. MJH Moskwa Jarmul Haladyj reportedly advised Miconet.	N/A	Poland
29-Apr	Dentons; Dubinski Jelenski Masiarz and Partners; Gessel	Dentons and Gessel have advised the founders of Profitroom and the Cyber_Folks company respectively on the agreement to sell a 65% stake in Profitroom to the MCI Capital ASI SA fund. Dubinski Jelenski Masiarz reportedly advised the buyer.	N/A	Poland
29-Apr	Barnea Jaffa Lande & Co; Bryan Cave Leighton Paisner; Rymarz Zdort Maruta	Rymarz Zdort Maruta, working with Bryan Cave Leighton Paisner and Barnea Jaffa Lande, advised Huuuge on the execution of a simple agreement for future equity and a call option deed agreement with an undisclosed Israeli mobile game company and its existing investors.	N/A	Poland
29-Apr	Domanski Zakrzewski Palinka; WKB Wiercinski Kwiecinski Baehr	WKB Lawyers advised Dino Polska on its USD 15.5 million acquisition of eZebra and its affiliates providing warehousing, storage, and shipping services for the company. Domanski Zakrzewski Palinka advised the founders of eZebra.	USD 15.5 million	Poland
06-May	Gessel	Gessel advised ACP Credit on an up to PLN 50 million financing package for Poland's iTaxi.	PLN 50 million	Poland
06-May	Dentons; WKB Wiercinski Kwiecinski Baehr	WKB Lawyers advised Afcon Renewable Energy and EuroEnergy on the financing for the development of a 20-megawatt solar photovoltaic park located in the Boguszyn precinct in southwest Poland. Dentons advised mBank on the PLN 65.7 million credit facilities.	PLN 65.7 million	Poland



Date	Firms Involved	Deal/Litigation	Deal Value	Country
07-May	Clifford Chance; Harneys; Norton Rose Fulbright	Norton Rose Fulbright, working with Harneys Cyprus, advised a syndicate of banks on a new multicurrency term loan and revolving credit facility amounting to EUR 730 million for Windstorm Trading & Investments and Zaklady Farmaceutyczne Polpharma. Clifford Chance advised the borrowers.	EUR 730 million	Poland
07-May	Konieczny Wierzbicki; Osborne Clarke	KWKR Konieczny Wierzbicki and Partners advised EV charger manufacturer Euroloop on receiving investment from the Orlen VC fund and their resulting strategic partnership in a transaction valued at approximately EUR 5 million. Osborne Clarke advised Orlen VC.	N/A	Poland
07-May	Gessel	Gessel advised Cavatina Holding on its bond issuance program, the prospectus recently approved by the Polish Financial Supervision Authority, and its new prospectus-based bond issuance, up to PLN 150 million in value, with issue organizer Noble Securities.	PLN 150 million	Poland
08-May	Clifford Chance; Wardynski & Partners	Wardynski & Partners advised merchant acquiring services company Centrum Rozliczen Elektronicznych Polskie ePlatnosci on the spin-off and transfer of its full customer portfolio and all company processes to national payment institution Polskie ePlatnosci and supported the latter in obtaining bank financing for its ongoing settlements with merchants. Clifford Chance reportedly advised the lender.	N/A	Poland
08-May	Roedl & Partner; Soltysinski Kawecki & Szlczak	Soltysinski Kawecki & Szlczak advised AniCura AB on its acquisition of Poznan-based veterinary clinic Centrum Zdrowia Malych Zwierzat. Roedl & Partner reportedly advised AniCura as well.	N/A	Poland
08-May	Allen Overy Shearman Sterling; Greenberg Traurig	Greenberg Traurig advised Bielenda Kosmetyki Naturalne on the acquisition loan facility provided by BNP Paribas Bank Polska and mBank for its acquisition of Miya Cosmetics brand owner Kanani Europe. Allen & Overy reportedly advised the lenders.	N/A	Poland
09-May	DLA Piper	DLA Piper advised Brand24 and its shareholders (including Laeq, Unfold.vc, and Michal Sadowski and Piotr Wierzejewski funds) on the sale of a 57.6% stake to Semrush.	N/A	Poland
09-May	Clifford Chance; Norton Rose Fulbright	Norton Rose Fulbright advised Bank Polska Kasa Opieki on the refinancing of the financial indebtedness of two Windflower wind farms and the increase of financing of three other farms. Clifford Chance advised the borrower.	N/A	Poland
09-May	Schoenherr	Schoenherr advised Bank Pekao and Santander Bank Polska on PLN 300 million financing to Eneris Group.	PLN 300 million	Poland
13-May	Rymarz Zdort Maruta	Rymarz Zdort Maruta, working with Freshfields Bruckhaus Deringer, advised Huuuge on a USD 70 million share buyback.	USD 70 million	Poland
13-May	Greenberg Traurig; Rymarz Zdort Maruta	Greenberg Traurig advised Abris Capital Partners on the sale of Scanmed Group to the American Heart of Poland Group. Rymarz Zdort Maruta advised the American Heart of Poland.	N/A	Poland
13-May	CMS; Mayer Brown	CMS advised gas transmission system operator GAZ-System in the process of selecting a supplier and executing a floating regasification unit chartering agreement with White Eagle Energy. Reportedly, Mayer Brown advised Mitsui.	N/A	Poland
09-May	CMS; Harneys	CMS, working with Harneys Cyprus, advised the European Bank for Reconstruction and Development on a EUR 22 million loan to the Cyprus-based Farmak Group and Ukraine's JSC Farmak for the acquisition of Poland's Sympar and the upgrade of JSC Farmak's IT systems.	EUR 22 million	Poland; Ukraine
16-Apr	Allen Overy Shearman Sterling; Filip & Company	Filip & Company advised the Digi Spain Telecom group on its sale of an FTTH network to Sota Investments Spain – controlled by a consortium formed by Macquarie Capital, Abrdn, and Arjun Infrastructure Partners – in an up to EUR 750 million transaction. Allen & Overy Spain reportedly advised Sota Investments.	EUR 750 million	Romania
16-Apr	Sirbu & Vornicu Law	Bucharest's Sirbu & Vornicu Law have advised Enel Green Power Espana on the successful implementation of a FAC-1 framework alliance contract with all the contractors involved in the realization of the Campillo Wind Cluster in Cuenca province, Spain.	N/A	Romania
19-Apr	Clifford Chance	Clifford Chance Badea advised the PIB Group on its acquisition of the Stein Bestasig Insurance Broker in Romania.	N/A	Romania
19-Apr	Filip & Company	Filip & Company advised the significant shareholders of One United Properties on their sale of 234.2 million company shares to local and international institutional investors.	N/A	Romania
22-Apr	Schoenherr	Schoenherr successfully represented Societatea Energetica Electrica in a long-term contentious administrative case with a stake worth EUR 46 million against Romania's state and public resource management auditor.	EUR 46 million	Romania
29-Apr	MPR Partners	MPR Partners advised Bucharest-based mining company Verde Magnesium on its successful bid in the public tender organized by the National Agency for Mineral Resources of Romania for concession rights on a magnesium mining perimeter in Western Romania.	N/A	Romania
06-May	Domokos Partners; Schoenherr	Domokos Neagu Sarbu successfully represented Alpiq in a tax dispute with the Romanian tax authority in a case that ultimately required the input of the Romanian Supreme Court.	N/A	Romania
07-May	Dorsey & Whitney; Schoenherr	Schoenherr, working with Dorsey & Whitney, advised building software provider Eleco on the full acquisition of Vertical Digital.	N/A	Romania
09-May	CMS	CMS advised energy company Iberdrola on the sale of Eolica Dobrogea One – an 80-megawatt wind energy production facility – to Premier Energy Group, for EUR 88 million.	EUR 88 million	Romania
16-Apr	Baker McKenzie; Karanovic & Partners	Karanovic & Partners advised both parties on Embracer Group's sale of Saber Interactive to Beacon Interactive in a deal worth USD 247 million. Baker McKenzie reportedly advised the Embracer Group.	USD 247 million	Serbia
16-Apr	Cvjeticanin & Partners	Cvjeticanin & Partners advised Infinity Production on copyright protection for the _Sing with Me_ TV music show.	N/A	Serbia
17-Apr	Four Legal; NKO Partners	NKO Partners advised the IGEPa group on its acquisition of a 51% stake in Serbian company Oracal Polikarbonati from Dejan Karic, who will stay on with a 49% stake. Four Legal advised the seller.	N/A	Serbia

Date	Firms Involved	Deal/Litigation	Deal Value	Country
25-Apr	Bird & Bird; MPartners Legal; Steinepreis Paganin	Belgrade's MPartners Legal, working with Perth's Steinepreis Paganin and Bird & Bird in London, advised Ibaera Capital Fund subsidiary ISIH on the sale of the Rogozna Gold Project in Serbia to Strickland Metals Limited for a consideration of AUD 34.2 million in shares.	AUD 34.2 million	Serbia
02-May	NKO Partners	NKO Partners advised CTP on a new real estate transaction in Serbia: the purchase of a 22-hectare plot located in the industrial zone of Sombor, near the borders of Hungary and Croatia, from the local municipality.	N/A	Serbia
02-May	BDK Advokati; Nikolic Law Office	BDK Advokati advised Hodler Asset Management on its acquisition of the remaining 32% of shares in Superior Foods, thus becoming its sole owner. Belgrade's Nikolic law office advised Superior Foods.	N/A	Serbia
08-May	Cytowski & Partners; Komorowski PLLC; Schoenherr	Cytowski & Partners and Schoenherr have advised Collabwriting on its USD 1.1 million seed financing with Smok Ventures, Credo Ventures, Fiedler Capital, Underline Ventures, Startup Wiseguys, and several CEE angel investors. San Diego-based Komorowski PLLC reportedly advised lead investor Smok Ventures.	USD 1.1 million	Serbia
10-May	Nedelka Kubac Advokati	Nedelka Kubac Advokati successfully represented Klement in an energy cartel case before the Slovak Competition Authority.	N/A	Slovakia
09-May	ODI Law; Senica	ODI Law advised German Katera Beteiligungs-Verwaltungsgesellschaft P11 mbH on its acquisition of an 87,58% shareholding in Nama from Zavarovalnica Triglav and Generali. Senica & Partners advised Zavarovalnica Triglav on the deal.	N/A	Slovenia
02-May	Aksan	The Aksan Law Firm advised SuperGears Games on its recent investment round led by The TMRW Foundation.	N/A	Turkiye
06-May	Atar Avci; Norton Rose Fulbright (Pekin Bayar Mizrahi)	Norton Rose Fulbright Turkish affiliate Pekin Bayar Mizrahi advised the founder of Derivex Teknoloji on the sale of a minority stake in the company to the Startup Burada VC fund. Atar Avci advised the buyer.	N/A	Turkiye
14-May	Baker McKenzie (Esin Attorney Partnership); Paksoy	Paksoy advised Iyzico on the acquisition of Paynet from Arena Bilgisayar. Baker McKenzie Turkish affiliate Esin Attorney Partnership advised the sellers.	N/A	Turkiye
16-Apr	Integrites; Latham & Watkins	On April 8, 2024, Integrites announced it had been selected, alongside Latham & Watkins, to advise the Ukrainian Finance Housing Company on a bridge financing to be granted by international financial institutions and the subsequent securitization of mortgage loans.	N/A	Ukraine
22-Apr	Avellum; Sayenko Kharenko	Avellum advised Ukraine's Ministry of Finance on a CAD 2 billion ten-year concessional loan from Canada. Sayenko Kharenko advised the Government of Canada.	CAD 2 billion	Ukraine
06-May	Everlegal	On April 22, 2024, Everlegal announced it had been appointed to provide legal support to the United Nations High Commissioner for Refugees – the UN Refugee Agency – for its activities in Ukraine.	N/A	Ukraine
06-May	Asters; Heuking Kuhn Luer Wojtek	Asters, working with Heuking, advised Ukraine's Shakhtar Donetsk football club on organizing its home matches during the UEFA Champions League and Europa League competitions in Hamburg, Germany, as a guest of the Hamburger SV football club.	N/A	Ukraine



**Deals and Cases**

- Full information available at: [www.ceelegalmatters.com](http://www.ceelegalmatters.com)
- Period covered: April 16, 2024 - May 15, 2024

**Did We Miss Something?**

We're not perfect; we admit it. If something slipped past us, and if your firm has a deal, hire, promotion, or other piece of news you think we should cover, let us know. Write to us at: [press@ceelm.com](mailto:press@ceelm.com)

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# NEW HOMES AND FRIENDS: ON THE MOVE



## **Estonia, Latvia, Lithuania:** **Lextal Rebrands as Widen**

Estonian law firm Lextal, Latvian law firm RER Lextal, and Lithuanian law firm ILAW Lextal have unveiled their new name and identity: Widen, “a Baltic law firm that sees itself as the Legal Jazz Company.”

Widen is a full-service Baltic law firm with more than 100 legal professionals and offices in all Baltic capitals. Since their initial merger in 2021 under the Lextal name, the three local law firms report expanding by over 60%. The firm boasts an above 50% female partner ratio, while its operations place “equal emphasis on professionalism and creative thinking.”

According to Widen, “the Legal Jazz Company has the meaning of focusing on two values. First, mastery in the craft of law – forward-thinking expertise. Second, mastery in the arts of teamwork and listening to the client – to give the client the best possible client experience.” ●

## **Bosnia and Herzegovina: Ibrahimovic & Co** **Launches German Desk**

Ibrahimovic & Co has launched a German Desk to support companies wishing to establish, expand, or consolidate their activities in German-speaking countries. The German Desk will be co-led by Partner Nadin Kantic and Attorney at Law Tomislav Tomas.

Kantic is a banking, corporate, tax, customs, and insurance law expert.

Tomas, who has been with the firm for over a year, is a corporate law and renewable energy law specialist. Before joining Ibrahimovic & Co, he spent over five years in-house with Lager, a construction equipment supplier.

According to the firm, its new operation is based on the experience of “collaborating for over fifteen years with experienced partner law firms from German-speaking countries.” ●



### Croatia: Posavec Vlastic & Mecar Opens Doors in Zagreb

Tihana Posavec Vlastic and Marko Mecar have teamed up to launch the Posavec Vlastic & Mecar Joint Law Office in Zagreb.

While Posavec Vlastic & Mecar is set to offer legal services across various industries “they have recognized a growing demand for highly specialized legal services in the energy sector due to Croatia’s increasing focus on renewable energy sources,” the firm announced, as it will focus primarily on energy and infrastructure, company and commercial law, project financing, real estate, M&A, dispute resolution, employment law, IT, and data protection.

With over 15 years of experience, each has spent over a decade working with energy-focused Laktic & Partners in Zagreb. Before setting up her new firm, Posavec Vlastic in fact spent over 14 years with Laktic & Partners, which she had joined as a Legal Associate back in 2010. Earlier, she spent almost three years with Divjak Topic Bahtijarevic & Krka, between 2007

and 2010.

Mecar spent 12 and a half years with Laktic & Partners as an Attorney at Law, having joined the firm back in 2011. Before that, he spent two years as an Associate with Maglicic–Migic–Bosnic, one more with Boric & Partners, and a further eight months with Porobija & Porobija. He has also been an Arbitrator with the Croatian Academic and Research Network, since 2018.

“We pride ourselves on offering strategic and personalized legal advice, tailoring our approach to meet each client’s unique needs,” Posavec Vlastic commented. “Our commitment to excellence drives us to continuously improve our services and stay at the forefront of legal trends.”

“With our extensive experience and deep understanding of the local legal landscape, we provide innovative and effective solutions to complex legal challenges,” Mecar added. “Our goal is to guide clients through the legal system with confidence and help them achieve their business objectives efficiently.” ●

### Czech Republic, Germany: Havel & Partners Opens Office in Germany

Havel & Partners has announced it opened an office in Frankfurt am Main on May 1, 2024. The new German office will be managed by former Squire Patton Boggs Partner Philip Smitka.

Smitka, who will lead a three-person team in Frankfurt, specializes in corporate/M&A (including real estate transactions), international trade and litigation, and commercial and investment arbitration. He joins Havel & Partners after working for over five years as a Partner at Squire Patton Boggs in Stuttgart. Before that, he worked for Noerr for 18 years, including seven years as a Partner in its Prague office.

“We want to be closer to our international clients and international law firms that work with us, as well as to international private equity and venture capital funds, investment and private banks, family offices, and other stakeholders and business partners,” Havel & Partners Managing Partner Jaroslav Havel commented. “That is why we have taken the important step of expanding our direct representation to include an office in Frankfurt, the gateway for business worldwide.” ●

## PARTNER APPOINTMENTS

Date	Name	Practice(s)	Firm	Country
22-Apr	Christoph Gaar	Real Estate; Litigation/Disputes	Mueller Partner Rechtsanwaelte	Austria
22-Apr	Roman Gietler	Real Estate; Litigation/Disputes	Mueller Partner Rechtsanwaelte	Austria
22-Apr	Daniela Kroemer	Labor	CMS	Austria
22-Apr	David Kohl	Corporate/M&A; Insolvency/Restructuring	CMS	Austria
22-Apr	Florian Mayer	Corporate/M&A	CMS	Austria
22-Apr	Kai Ruckelshausen	Banking/Finance	CMS	Austria
22-Apr	Lukas Peissl	Corporate/M&A; Litigation/Disputes	CMS	Austria
22-Apr	Marlene Wimmer-Nistelberger	Competition	CMS	Austria
22-Apr	Sonja Otenhajmer	Litigation/Disputes	CMS	Austria
7-May	Ekaterina Larens	Corporate/M&A	DLA Piper	Austria
22-Apr	Jenia Dimitrova	Real Estate	CMS	Bulgaria
22-Apr	Agnes Solyom	Life Sciences; TMT/IP	CMS	Hungary
22-Apr	Eszter Torok	Corporate/M&A; Banking/Finance	CMS	Hungary
22-Apr	Katalin Horvath	Corporate/M&A; TMT/IP	CMS	Hungary
22-Apr	Tomasz Sancewicz	Labor	CMS	Poland
6-May	Michal Synowiec	Labor	DLA Piper	Poland
2-May	Daniela Gladunea	Corporate/M&A; Litigation/Disputes; Labor	Bondoc si Asociatii	Romania

## OTHER APPOINTMENTS

Date	Name	Firm	Appointed to	Country
30-Apr	Partner Nadin Kantic	Ibrahimovic & Co	Co-Head of German Desk	Bosnia and Herzegovina
30-Apr	Tomislav Tomas	Ibrahimovic & Co	Co-Head of German Desk	Bosnia and Herzegovina
6-May	Milos Felgr	Clifford Chance	Managing Partner of Prague Office	Czech Republic
6-May	Tomas Matejovsky	CMS Prague	Managing Partner	Czech Republic
7-May	Philip Smitka	Havel & Partners	Head of German Office	Czech Republic
6-May	Richard Lock	Lakatos, Koves and Partners	Senior Partner	Hungary
6-May	Peter Koves	Lakatos, Koves and Partners	Partner Emeritus and Honorary Senior Partner	Hungary
18-Apr	Janusz Dzianachowski	Linklaters Warsaw	Managing Partner	Poland
18-Apr	Marcin Schulz	Linklaters Warsaw	Managing Partner	Poland
22-Apr	Anna Wilkowska	PwC Legal Polska	Co-Head of Pharma and Life Sciences	Poland
22-Apr	Maciej Huzior	PwC Legal Polska	Co-Head of Pharma and Life Sciences	Poland
6-May	Michal Kalicki	Clyde & Co	Head of Banking and Finance	Poland
16-Apr	Adriana Dobre	Stratulat Albuлесcu	Head of Dispute Resolution	Romania
6-May	Juraj Fuska	CMS Bratislava	Managing Partner	Slovakia
2-May	David Foster	Allen & Overy and Shearman & Sterling	Regional Managing Partner for the Middle East, Turkiye, and Africa	Turkiye

## PARTNER MOVES

Date	Name	Practice(s)	Moving from	Moving To	Country
6-May	Tihana Posavec Vlastic	Energy/Natural Resources	Laktic & Partners	Posavec Vlastic & Mecar	Croatia
6-May	Marko Mecar	Energy/Natural Resources	Laktic & Partners	Posavec Vlastic & Mecar	Croatia
7-May	Gergely Szaloki	Banking/Finance	Schoenherr	Wolf Theiss	Hungary
24-Apr	Szymon Czerwinski	Tax	Soltysinski Kawecki & Szlezak	Schoenherr	Poland
7-May	Filip Badziak	Banking/Finance	B2RLaw	LSW Bienkowski, Laskowski, Lesnodorski, Melzacki and Partners	Poland
7-May	George Havaris	Corporate/M&A; Banking/Finance	B2RLaw	LSW Bienkowski, Laskowski, Lesnodorski, Melzacki and Partners	Poland
7-May	Marcin Huczowski	TMT/IP; Data Protection	B2RLaw	LSW Bienkowski, Laskowski, Lesnodorski, Melzacki and Partners	Poland
7-May	Piotr Leonarski	Tax	B2RLaw	LSW Bienkowski, Laskowski, Lesnodorski, Melzacki and Partners	Poland
7-May	Krzysztof Marzynski	Real Estate; Infrastructure/PPP/Public Procurement	B2RLaw	LSW Bienkowski, Laskowski, Lesnodorski, Melzacki and Partners	Poland
7-May	Adam Piwakowski	Corporate/M&A	B2RLaw	LSW Bienkowski, Laskowski, Lesnodorski, Melzacki and Partners	Poland
7-May	Aleksandra Polak	Corporate/M&A; Private Equity	B2RLaw	LSW Bienkowski, Laskowski, Lesnodorski, Melzacki and Partners	Poland
7-May	Piotr Szelenbaum	Corporate/M&A; Private Equity; Capital Markets	B2RLaw	LSW Bienkowski, Laskowski, Lesnodorski, Melzacki and Partners	Poland
10-May	Edyta Defanska-Czujko	Labor	Crido Legal	Deloitte Legal	Poland
24-Apr	Anna Pogrebna	Real Estate; Infrastructure/PPP/Public Procurement	CMS	Integrites	Ukraine
24-Apr	Mykola Nychyporuk	White Collar Crime	CMS	Integrites	Ukraine

## IN-HOUSE MOVES

Date	Name	Moving from	New Company/Firm	Country
9-May	Felix Prechtl	S IMMO	Doralt Seist Csoklich	Austria
10-May	Martin Seda	Home Credit International	Home Credit International	Czech Republic
16-Apr	Przemyslaw Karolak	CMS Warsaw	Vodeno	Poland
8-May	Rafal Hajduk	Domanski Zakrzewski Palinka	R.Power Renewables	Poland
16-Apr	Mehmet Tekergul	Turkiye Finans Katilim Bankasi	Alternatif Bank	Turkiye
17-Apr	Can Aksoy	Delivery Hero	Delivery Hero	Turkiye
29-Apr	Yuliya Atamanova	LCF Law Group	PrivatBank	Ukraine

## THE BUZZ

In **The Buzz** we check in on experts on the legal industry across CEE for updates about developments of significance. Because the interviews are carried out and published on the CEE Legal Matters website on a rolling basis, we've marked the dates on which the interviews were originally published.

### Serbia Builds Bridges: A Buzz Interview with Uros Popovic of Bojovic Draskovic Popovic & Partners

By Andrija Djonovic (May 22, 2024)



When talking about notable recent developments in Serbia, Bojovic Draskovic Popovic & Partners Senior Partner Uros Popovic reports of an evolving business landscape in the country, marked by the substantial influence of foreign companies and dynamic sector activities, with a burgeoning real estate market and a quickly developing renewable energy sector.

Focusing on the transaction landscape in Serbia, Popovic says that “the last few months have seen a shift toward smaller-scale transactions, many of which are propelled by capital that has left Russia, enabling the investors to continue being able to operate worldwide.” There has also been a noticeable increase in cross-jurisdictional cooperation and synergy, he notes. “For example, PEPCO has been expanding successfully in Serbia, with well over 100 stores now open here and already dozens in Bosnia,” he reports, adding that this dynamic has kept their firm’s workload heavy and diverse.

“Over the past two years, we’ve observed a significant increase in companies leaving Russia to establish a presence in Serbia and continue trading with their international partners,” Popovic shares. “This wave of new entrants has reached its peak, and while the number of new setups has begun to subside, the impact of these early movers, particularly major players backed by capital leaving Russia, continues to shape the market. These companies, often with headquarters in various European countries, have brought substantial influence, especial-

ly in sectors like software and electronics,” he explains.

To cope with such a vibrant workstream, Popovic reports that their office has been investing in personnel education, primarily focusing on artificial intelligence and technology. “AI’s potential and implications are immense, prompting us to invest heavily in educating our lawyers,” he says. “We regularly send our team to training sessions and seminars to ensure they are well-versed in the legal aspects of technology.”

As far as specific sector activity of note is concerned, Popovic tackles the always-active real estate market. “Belgrade’s real estate market has been booming for the last two decades, with significant acceleration in the past two years. We’ve seen a massive influx of people, some staying temporarily and others settling down permanently, which has driven up rent and acquisition prices,” he reports. “Although there have been talks of a bubble, prices continue to rise. Recently, there’s been a slight adjustment, but demand still far outstrips supply; we’re heavily involved in commercial leases and some sales, mostly through special purpose vehicles.”

Furthermore, the renewable energy sector, as alluring in Serbia as it is anywhere else, has been generating more and more traction. “The legislation surrounding renewable energy in Serbia has been cumbersome and incomplete, but we are seeing it gradually improve,” Popovic says. “Recent years have brought progress in wind and solar projects. However, some legislative changes, such as those proposing storage capacity to manage balancing capacities, are adding significant costs to these projects,” he stresses. “On the other hand, while securing grid connections has been a challenge of late, recent reforms are expected to streamline this process.” ●



## A Path Carved Out for Kosovo: A Buzz Interview with Florin Lata of Vokshi & Lata

By Teona Gelashvili (May 23, 2024)



Taking a deep dive into the most interesting recent developments in Kosovo, Vokshi & Lata Partner Florin Lata discusses a projected 4% GDP growth for the year, significant legal reforms across several sectors, as well as key business and economic drivers for the small Balkan market.

The World Bank has projected a 4% GDP growth for Kosovo this year, a most positive indicator as Lata points out: “We see a steady improvement in economic terms, with decreasing inflation,” he says. “While investments in the energy sector and infrastructure are not massive, they mark a notable increase compared to last year. The economy of Kosovo has been consistently growing, which is encouraging; although the percentages can vary, the overall trend remains positive,” he shares.

It’s not all smooth sailing, however, as immigration has been a significant issue in Kosovo, with many citizens moving to Germany for work, Lata says. “Many Kosovans are moving to Germany with work visas, a trend common across the region, including Albania and Serbia. This migration is causing a labor shortage, and we need to find solutions to continue local production and sustain our economy,” he stresses.

And progress is being made in other important legislative areas, with Lata mentioning a few interesting developments. “One of the significant developments is the expected approval of the Administrative Court by the assembly next month. Until now, we only had a department within the Pristina court handling administrative matters. This new court will be a crucial development for lawyers and citizens, as administrative issues have been neglected in the past, making it difficult to

reach timely decisions,” he explains. Additionally, there’s a new law concerning court fees. “Previously, parties often went to court without lawyers because it was too expensive. Now, with the possibility of reimbursement for lawyer fees, it will make the process more accessible,” he adds.

Additionally, Lata reports there are “important changes in tax procedures, particularly regarding payments over EUR 300. These must now be made via banking transfers instead of cash.” While this might be challenging initially, he feels it is a move towards greater transparency and “will benefit the economy in the long run.”

Moving on, Lata mentions interesting developments in the renewable energy and IT sectors. “Solar energy, in particular, has great potential in Kosovo,” he says. “Although the licensing process has been complicated, Kosovo is well-positioned to develop solar energy. We’re currently working on two solar projects that we hope to launch next year in different areas of Kosovo,” he adds. At the same time, he notes the “IT sector has a very high potential, with many startups and opportunities for employment. Both international and local companies are making significant strides here.”

Finally, Lata mentions a somewhat rarely talked about sector these days – fashion – as being a most promising one for Kosovo. “Fashion is particularly important from a copyright law perspective. Kosovo has over 50 well-known designers, and e-commerce in this sector is booming. Many designers are now working with local companies, making fashion one of the top five industries with the most potential in Kosovo,” he explains.

Looking ahead, Lata concludes by saying that “Kosovo is on a positive trajectory with steady economic growth, legal reforms, and developments in various sectors. The future looks promising if we continue on this path.” ●



*While investments in the energy sector and infrastructure are not massive, they mark a notable increase compared to last year. The economy of Kosovo has been consistently growing, which is encouraging; although the percentages can vary, the overall trend remains positive.*

## Fair Winds Before Elections in Hungary: A Buzz Interview with Eszter Torok of CMS

By Andrija Djonovic (May 24, 2024)



From a significant downturn in project financing to promising developments in green energy, particularly wind, CMS Partner Eszter Torok shares valuable insights into the complexities of the Hungarian market against the backdrop of shifting economic and regulatory landscapes.

“Over the last three years, since the onset of COVID-19, Hungary has experienced a downturn in project financing activities, accompanied by high interest rates and inflation,” Torok begins. “However, recent months have shown promising signs. For instance, the national bank’s official interest rate, which stood at 13% in 2023, has begun to decrease, currently sitting below 10% since last December. This decline in interest rates has revitalized mortgage lending in the first quarter of 2024, although project financing remains cautious, with investors adopting a wait-and-see approach,” she explains.

Focusing on specific sectors, Torok turns the discussion to green energy. “Renewable energy, particularly wind and solar financing, is garnering significant attention. While solar energy projects, supported by subsidies, have been a focal point in the past, wind energy was relatively neglected until the end of 2023,” she shares. However, changes in regulations have now made wind projects more feasible. “Previously, wind farms could not be constructed within 12 kilometers of populated areas, a challenging requirement given Hungary’s dense population and relatively small area. Since the end of last year, the restriction has been reduced to just 700 meters, opening new possibilities for wind energy development, particularly in the northwest of Hungary,” she explains, adding that there are still relatively detailed and complicated regulations to keep in mind.

Putting this shift in the energy sector into perspective, Torok assesses the broader economic

conditions in Hungary: “Hungary’s economic growth has been sluggish and heavily reliant on foreign investments, particularly from Germany, in the automotive sector with major players like BMW, Mercedes, and Audi operating plants here,” she says. “More recently, we’ve seen a surge in investments from Chinese and Korean firms into electric vehicle battery manufacturing, indicating a shift towards alternative technologies.” Despite these developments, “the local economy struggles under a high public debt load and, with upcoming EU parliamentary and municipal elections, economic measures to address this debt are anticipated later in the year,” she reports.

And, focusing on these elections – with both cycles due in June of this year – it is interesting to observe what economic policies could come to pass, according to Torok. “The first half of 2024 has, somewhat expectedly, seen few economic restrictions due to the electoral period. However, post-election, we might witness tax increases or other fiscal measures aimed at reducing the national debt,” she explains. “These changes could influence investment trends, particularly in sectors like renewable energy and technology, which have seen significant interest.” It is not unreasonable to assume that “investors will be keenly watching these developments, hoping for stability and clear policies that would support continued investment,” she posits.

Looking at the road ahead, Torok feels that the remainder of 2024 could be impactful. “If the government implements favorable policies post-elections, there might be an acceleration both in green energy projects and more traditional sectors of foreign interest.” However, she notes, “any restrictive fiscal policies could dampen this momentum.” Still, an important mark has been made with relaxing wind energy investment regulations, and Torok concludes by reiterating that it is a “positive development to which investors had been looking forward.” ●

## A Push to Modernize Bulgarian Courts: A Buzz Interview with Kina Chaturkova of Boyanov & Co.

By Andrija Djonovic (May 24, 2024)



Boyanov & Co. Partner Kina Chaturkova highlights progress made in Bulgaria in terms of reforming the judicial system but areas where improvements are still needed remain.

“The most significant current developments, from a dispute resolution perspective, pertain to the progress of the e-Justice initiative,” Chaturkova begins. “First proposed in 2012, it only gained traction during the COVID-19 pandemic, highlighting a long-overdue need for a reform in court procedures,” she posits.

Tackling specific changes impacting Bulgarian judicial procedures, Chaturkova mentions that “between 2020 and 2021, we saw major reforms in the Judicial Power Act and procedural codes—covering civil, administrative, and criminal procedures. These changes are still ongoing to this day and include improvements in how parties are summoned to court and how certain communications are handled,” she explains. “However, we still need substantial upgrades in material and technical capabilities to fully modernize our system,” she stresses.

Further, Chaturkova focuses on upcoming changes to the civil procedure code. “Starting July 1, 2024, amendments to the civil procedure code will take effect, particularly concerning the order for payment proceedings, which will be fully electronically processed. This change aims to expedite debt collection processes, making them quicker and smoother by utilizing a system that randomly assigns cases to regional courts, thus preventing the overload we’ve seen in Sofia and promoting a

fairer distribution of cases,” she explains. Until recently, the regional courts in Sofia found themselves as the primary pick for these proceedings, with most claims being steered their way. “This led to a nationwide disbalance in terms of courts’ workloads and an overload of cases in Sofia. While they were able to deal with it, a personnel shortage was becoming evident,” Chaturkova reports.

Still, despite these advancements, there are areas that still require improvements. “For instance, if a party to a court proceeding is physically unable to attend a hearing and prefers to use video conferencing, they still need to travel to the nearest regional court, which is not feasible for everyone,” Chaturkova explains. “This is just one example where the system fails to accommodate all needs, demonstrating that while procedural steps are evolving, they are not yet sufficient.” Furthermore, she reports a “critical need for better material bases and technical equipment in all courts. The procedural reforms are an important first step, but they must be supported by adequate resources to be effective. Since COVID-19, progress has slowed considerably, exacerbated by the ongoing political flux that has been paralyzing legislative developments since late 2022,” she says.

Finally, focusing on politics, Chaturkova shares that “the political instability is severely affecting legislative changes, including those related to the tax framework. This uncertainty is slowing down investments and foreign direct investments, which have been stagnant for a few years,” she says. “Despite Bulgaria’s potential Eurozone membership in 2025, the economic outlook remains bleak, with high consumer prices and median salaries under strain from inflation, but hopefully things will take a turn for the better in the back half of 2024,” she concludes. ●



*The most significant current developments, from a dispute resolution perspective, pertain to the progress of the e-Justice initiative. First proposed in 2012, it only gained traction during the COVID-19 pandemic, highlighting a long-overdue need for a reform in court procedures.*

## THE DEBRIEF: JUNE, 2024

In **The Debrief**, our Practice Leaders across CEE share updates on recent and upcoming legislation, consider the impact of recent court decisions, showcase landmark projects, and keep our readers apprised of the latest developments impacting their respective practice areas.



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### This House – Implemented Legislation

Drakopoulos Senior Associate Sofia Angelakou reports that *Law 5100/2024* entered into force on April 5, 2024, in Greece, *inter alia* transposing the *EU Minimum Tax Directive*. The law “introduces two interlocking rules, collectively referred to as the ‘GloBE rules’ through which an additional amount of tax (a ‘top-up tax’) shall be collected each time that the effective tax rate of a multinational enterprise group (MNE) in a given jurisdiction is below 15%,” Angelakou points out. “Greece opted to apply a qualified domestic top-up tax to entities or permanent establishments that are members of an MNE or of a large-scale domestic group and are located in Greece, to joint ventures and affiliates located in Greece, as well as to minority-owned constituent entities located in Greece and certain other entities, as these are further determined in the law.”

“The law applies to constituent entities located in Greece that are members of an MNE or of a large-scale domestic group which has an annual revenue of EUR 750 million or more in its ultimate parent entity’s consolidated financial statements in at least two of the four fiscal years immediately preceding the tested fiscal year,” Angelakou explains. “It should be noted that the law does not apply to governmental entities, international organizations, non-profit organizations, pension funds, and certain investment entities, as these are defined in Article 3 of the law. All entities falling within the scope of the law are obliged to comply with its provisions as well as with the reporting obligations provided therein, including the obligation to file a top-up tax information return and a top-up tax return with the Greek tax authorities.”

### This House – Reached an Accord

Guleryuz Partners Partner Zahide Altunbas Sancak points to a new amendment related to unlicensed electricity production in Türkiye. “On May 14, 2024, Türkiye enacted new amendments to the *Regulation on Unlicensed Electricity Generation in the Electricity Market*, published in the *Official Gazette No. 32546*,”

Altunbas Sancak reports. “These changes aim to update the regulation in unlicensed electricity production, particularly for small businesses and individual consumers employing small-scale systems like solar panels.”

Among the key novelties, Altunbas Sancak highlights that the “update allows consumers under temporary subscriptions to offset their electricity consumption with production from all of their facilities rather than calculating the offset for each facility separately. This change is particularly beneficial for small-scale producers, as it enables more flexible energy management and billing.” She adds that “the regulation also introduces greater flexibility for wind energy projects. If an application is initially rejected due to technical reasons, the applicant is now granted a 60-day period to request a site change or revision. This can be done as long as the connection remains within the same transformer station for the distribution level or the same transmission region for transmission-level connections.” Additionally, “the period to apply for a connection agreement has been extended from 180 days to one year. This extension allows producers more time to align their project timelines with regulatory requirements, ensuring they can meet necessary conditions without rushing.” On the other hand, Altunbas Sancak notes that “the regulation also places new limits on the increase in installed mechanical capacity for production facilities. For those with connection agreement invitations before May 12, 2019, the increase cannot exceed 20% of the installed electrical capacity. For invitations obtained after this date, the mechanical capacity cannot exceed twice the electrical installed capacity, limiting the hardware capability that could potentially be used for electricity production.” Overall, Altunbas Sancak believes that while the original intention was “to encourage renewable energy use by reducing bureaucratic hurdles, the frequent modifications to these regulations are now proving challenging for the public to navigate, even if the changes themselves are not particularly anti-user.”

### This House – The Latest Draft

Wolf Theiss Associate Paulina Urbanska draws attention to proposed amendments to the *Labor Code* regarding the length of service in Poland, planned for the third quarter of 2024: “The draft assumes that the period of employment will include periods of work on the basis of an agency contract, contract of mandate, or other contract for the provision of services, or the performance of work under a contract for the provision of services by students up to the age of 26.”

“According to the justification for the planned changes, in the opinion of the Ministry of Family, Labor and Social Policy, which is responsible for the project, the *Polish Labor Code* does not provide for unified rules for determining the length of service for the purpose of granting all employee entitlements arising from the employment relationship and access to certain jobs,” Urbanska explains. “Meanwhile, labor law provisions – both the *Labor Code*, professional pragmatics, and autonomous sources of labor law – provide for a number of employee rights, the acquisition of which depends on the employee having a certain length of service (e.g., the right to a jubilee award or seniority bonus). The lack of unified rules for determining the length of service leads to considerable uncertainty in practice, and in many cases, employers determine the length of service solely on the basis of periods of employment resulting from employment and service relationships.”

### The Verdict

According to Jalsovszky Partner Tamas Feher, the Hungarian litigation community has been talking about “a decision of the Hungarian highest court (Kuria) concerning the reimbursement of the opponent’s legal costs.” Hungarian judges “have long been famous for significantly reducing the costs awarded to the winning party by detaching these from the lawyer’s fees which were incurred during the proceedings,” Feher notes. “This has sometimes led to bizarre reasonings. For instance, some judges have gone to great lengths to describe how poor the work of the attorney was, despite winning the case. Or, in some cases, the awarded costs have been severely reduced based on the number of arguments of the winning party which did not catch on with the judge.”

“This recent judgment is now hoped to put an end to this unfortunate practice,” Feher says. “In its decision, the Kuria stated that the hourly rate can only be reduced if it is ‘manifestly contrary to market conditions and common sense.’ The Kuria also explained that the work done by a lawyer cannot be judged by the number of pages of pleadings and the number of hours spent in court and neither should the (perceived) quality of the work of the lawyer representing the winning party be a reason for a reduction of costs.”

“If this new practice now really seeps down to the everyday practice of the lower courts – as should be the case – it could bring about seismic changes in how people litigate in Hunga-

ry,” Feher argues. “On the one hand, it should improve the benefit-to-cost ratio of litigating smaller claims. It should also incentivize parties to settle in more complex cases, as the financial risk to the losing party increases. Moreover, it discourages litigation initiated in bad faith, or with respect to highly dubious claims.”

### In the Works

A notable development in Serbia in April, according to JPM & Partners Senior Partner Jelena Gazivoda, was an “agreement signed in Budapest to merge the Hungarian electricity exchange HUPX with ADEX – the first regional electricity exchange for Central and Southeast Europe.” Gazivoda explains that “ADEX was established in 2022 by the Serbian and Slovenian transmission system operators and the European electricity exchange EPEX SPOT. This merger, part of a project initiated in 2018, aims to create a unified trading platform that enhances operational synergy and accessibility while providing a single trading and clearing service for Serbia, Slovenia, and Hungary.” Gazivoda says “the merger is expected to bolster energy stability and supply security and represents a significant step toward integrating with the single European electricity market. The agreement also fosters closer cooperation between the Serbian transmission system operator EMS and the Hungarian transmission system operator MAVIR, particularly in merging day-ahead markets with the European market. This collaboration is crucial for Serbia, as it advances the country’s green transition by supporting the integration of renewable energy sources. The joint exchange of Serbia, Slovenia, and Hungary is anticipated to begin operations by the end of 2024.”

### Regulators Weigh In

Nestor Nestor Diculescu Kingston Petersen Partner and Head of the Competition Anca Diaconu says that “very recently, the Romanian Competition Council (RCC) has expressed its willingness to initiate the process of drafting guidelines concerning the Romanian Foreign Direct Investment (FDI) screening regime.” Diaconu explains that “the current FDI regime was enacted in Romania in April 2022, providing for the examination, from a national security perspective, of certain investments exceeding EUR 2 million. The regime experienced several rounds of amendments, seeking an ever-wider scope of application.” She highlights that “in its intention to catch as many transactions as possible in the net, the law has left several open points, generating practical difficulties and, in essence, leading to an influx of notifications. Practitioners now hope that the RCC will seek to bring more certainty into the arena of FDI screening.” According to her, addressing issues such as foreign-to-foreign transactions, internal restructurings, and investments undertaken in several steps would be more than welcome. “Hopefully, the authority will take the opportunity to put an end to some pressing debates in the field,” Diaconu concludes. ●

# THE SLOW ROAST OF SUMMER MONTHS

By Teona Gelashvili

**Summer is traditionally a slower period for many, including the legal sector, but, if used right, the time can pay dividends for law firms.**

## Is There a Slowdown?

Summer often brings a natural slowdown. “At Guleryuz Partners, we do observe a degree of slowdown in the work pace during the summer months, not mainly stemming from the slowdown of activities of our own, but more due to the slowdown of general commercial activities worldwide,” Guleryuz Partners Partner Zahide Altunbas Sancak says. “This phenomenon is consistent across the legal industry, affecting not just our firm but also our clients and other law firms we collaborate with.”

A slowdown in the pace of work, according to Komnec & Partners Partner Nemanja Radovic, “is largely due to the vacation schedules of both the courts and state institutions in Montenegro. Courts typically entirely cease their activities in August, and many state institutions begin to slow down their operations by July. Consequently, the workload decreases as these entities, with which law firms often interact, are less active.”

However, Eversheds Sutherland Slovakia Managing Partner Bernhard Hager points out that the impact varies by practice group: “Usually, transactions take place in autumn and spoil Christmas for transactional lawyers, while lawyers focusing on environmental, energy, or construction law often are busier in summer than around Christmas.” Consequently, Hager notes, summer is slightly slower, but “the negative peak is not as significant as it might in an M&A boutique.”

One practice that normally experiences slowdown, is litigation. In North Macedonia, “litigation work would slow down due to judges’ summer vacations from July 15 to August 15,” Debarliev Dameski & Kelesoska Partner Jasmina Ilieva Jovanovik points out. However, this trend seems to be changing in Bulgaria: “In the past, some of the practice areas – such as litigation – had a natural slowdown due to the court vacation. This is no longer so evident and the statistics show that even the dispute resolution teams are quite busy during the summers,” CMS Sofia Managing Partner Kostadin Sirleshtov highlights.

Ilieva Jovanovik and Jalsovszky Managing Partner Pal Jalsovszky also observe that while summer has traditionally been slow, this trend is gradually changing. “With good annual business

plans and workflow estimates at the beginning of the year, our law firm in the past 20 years has not faced notable summer slowdowns,” Ilieva Jovanovik notes. “For a few years, summer is not a no-business period anymore,” Jalsovszky agrees. “Last year was very special in this respect as a window was open to establish family trusts and foundations with attractive tax features until September and we had an extremely high demand for such type of work. This made the summer months the most profitable period of the entire year – we established 77 trusts and three private foundations in this period.”

## Holiday Coordination

One natural question during the planning of law firms’ activities during summer is that of holidays. “This is the season when our colleagues take the majority of their holidays,” Jalsovszky notes. “Further, Friday afternoons are not as efficient as during the rest of the years, it is normal that during the summer the weekend already starts at Friday, 3-4 pm.” Radovic agrees, noting that the firm “encourages staff to take their annual leave during this period to align with the reduced demand for legal services.”

Consequently, this impacts the workload. “Some members of the team, including myself, are increasing their average utilization over the summer period due to the fact that we have to cover for members of the team, who are on vacation, as clients never stop working and demanding legal services,” Sirleshtov notes.

“People take holidays, and we try to coordinate the leave periods so that on the one side each practice group remains capable of serving our clients, but on the other side, people do take holidays in the summer and not during lawyers’ peak seasons,” Hager agrees.

## Staying Productive

Lawyers find ways to remain busy during slower periods. “We always have various projects on our shelves for rainy days,” Jalsovszky notes. “Not necessarily for the summer but for those days when our capacity is not fully exploited. We continuously develop the scope of our automated documents, which is our phare legal tech project. It requires lots of investment



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from our fee earners – mainly from senior lawyers. Further, we try to enhance the use of AI in our daily work which also creates an extra job.” Additionally, he continues, “clients never run out of tricky legal questions – which is obviously good for lawyers. Some of them also tend to dig into forgotten, unsolved problems during the summer period.”

Sirleshtov adds that during slowdowns, the firm engages in mid- and long-term projects important to clients. “If we are to start a transaction in September, during the summer we can prepare the Virtual Data Room, Indexes, draft SPAs, regulatory summaries, etc.” Additionally, he says that it is a great time to focus on the collaboration between practice groups. “For instance, renewable energy due diligence for a greenfield project requires more real estate/planning knowledge than specific energy regulatory one and, therefore, the energy practice group should be collaborating with real estate,” Sirleshtov explains. “Collaboration across offices and international practice groups is essential for maintaining utilization levels and keeping clients happy.”

“Additionally, we use this quieter time to focus on internal projects, such as professional development, training programs, and updating internal processes and systems,” Radovic continues, with Ilieva Jovanovik adding that “the potential workflow slowdown is creating opportunity for increases of inhouse management activities, revising and updating marketing strategy, and organizing internal training and additional qualifications of our lawyers.” According to Ilieva Jovanovik, the firm is also organizing summer internships “for the Macedonian diaspora youth, during which they are introduced to the business and regulatory environment in their homeland.”

“We use the time for ‘maintenance’ like updating our templates, policies, client database, templates for submissions, BD materials, etc,” Hager adds. “We also agreed on projects with publishers, so we will dedicate more time to our publishing activities.”

“Summer is an exceptionally good time for our team to connect with other legal professionals, and participate in firm projects such as our recently published books,” Altunbas Sancak notes. “Additionally, we allocate more resources to long-term projects that might not require immediate client interaction but are crucial for our strategic goals.”

### Projections for This Summer

This summer, certain events are likely to generate work. “The spring elections in North Macedonia have taken the focus of every business sector in the state, which is eager to see the new government established as soon as possible,” Ilieva Jovanovik notes. “The new regulatory reforms and significant investment projects announced by the winning party would make this summertime quite busy if such investments take place in the first months of the new government mandate which overlap with the summer period this year.”

In Hungary, “the golden visa program will start this July,” Jalsovszky says. “There are a number of third-country applicants who are at the starting line. At the same time, the legislative background is still far from being elaborated. We expect that this will create a big demand for our immigration lawyers and our admin staff.”

For Hager, new legal acts and the need for implementation are significant factors for the summer workload, such as “the implementation of cybersecurity measurements according to the so-called NIS2 directive.” ●

## THE CORNER OFFICE: ONBOARDING CLIENTS

In **The Corner Office**, we ask Managing Partners at law firms across Central and Eastern Europe about their backgrounds, strategies, and responsibilities. With managing firm clients being a critical aspect of firms' operations, we asked: **What are the three most important elements when onboarding a new client?**



**Kostadin Sirleshtov, CMS Sofia:** These days the process of onboarding a client is much more complicated, especially for large international law firms.

The first and most important element when onboarding a new client is to check whether the client or any related parties are not subject to sanctions or covered by any conflicts. Conflicts alone are extremely complicated in large law firms, but the recent sanctions following the war in Ukraine and others are making the process even more complicated. Furthermore, some law firms have self-imposed stricter-than-standard conflict and risk assessment procedures in order to comply with a standard of conduct, which is higher than the minimal one required.

The second element when onboarding the client is to register the client, which involves investigating any specific requirements that the client has – invoicing, terms of payment, etc. These days we have many clients that do e-billing, which is complicated and requires special focus by the firm's revenue team.

The third element in the onboarding procedure is the most pleasant one and it is related to the introduction of the teams and the internal instructions. It contains the very important kick-off calls and meetings, the introduction of the unique client reference number, the matter numbers, etc.



**Pavel Hristov, Hristov & Partners:** First, establish quick, comfortable, and reliable communication channels – designate contact persons and draw up clear communication protocols. Secondly, agree on the scope of work and desired outcome(s), KPIs, team(s), budgets/costs, and adjustment protocols, if

changes are required going forward. Take measures to manage expectations in terms of outcome, time, and costs. Third, no conflict of interest under any circumstances. We would not engage with a most desirable new client, if there would be a

conflict with the interests of one of our existing clients. Greed may not compromise our duty. The ultimate purpose is to lay the foundation for a lasting relationship of trust that will grow in time from the start.



**Tomas Bagdanskis, Widen:** Today's customers expect convenience and consistency at every stage of their journey with law firms.

In fact, 32% of customers say that even one bad experience can be a reason to walk away from a brand they love. Customer onboarding is one of the most important processes for every business as it is a clear sign to customers whether they've made the right decision in working with you.

The three most important elements when onboarding new clients are: First, clarifying the expectations of the client, providing a clear legal strategy, and being open about the chances for achieving those expectations. Second, agree on the manner of communication – defining what constitutes a timely response for sharing status updates, establishing the appropriate channels for sharing them, and assigning a contact person for urgent matters. Third, clearly define the criteria for calculating fees. Generally, we should focus on value delivery and make all processes in the client journey easy for the customer!



**Ivana Ruzicic, PR Legal:** When onboarding a new client in our law firm, three crucial elements include:

First, understanding the client's business and needs – in our law firm, the initial step involves thorough comprehension of the client's business operations, goals, and requirements. This understanding lays the foundation for tailored solutions and effective communication throughout the partnership.

Second, analyzing and addressing weaknesses – conducting a detailed analysis to identify any weaknesses or inefficiencies in the client's operations is vital. Addressing these issues prompt-



ly helps enhance efficiency, mitigate risks, and improve overall performance.

Third, allocating a dedicated team – assigning a dedicated team to the client’s account fosters trust and ensures personalized support. This team should possess the expertise and resources necessary to address the client’s needs promptly and effectively, thereby building a strong and enduring client relationship.



**Balazs Karsai, Nagy es Trocsanyi:** The three most important things that we do in the context of onboarding a new client are: (1) conflict check – checking whether there is a conflict of interest between our existing clients and/or our firm on the one hand, and the potential new client on the other hand; (2) AML screening – required by law with some exceptions; and (3) negotiating the terms and conditions of engagement and executing the engagement agreement.



**Djura Mijatovic, Zivko Mijatovic & Partners:** For a multi-jurisdictional firm like ours, the following three key elements are crucial when onboarding a new client:

(1) Understanding client needs – it’s essential to comprehensively understand the client’s business, industry, and specific intellectual property requirements. This includes recognizing how their needs might differ across the 15 jurisdictions where our firm operates. Tailoring our approach to these unique aspects ensures we provide relevant and strategic legal guidance. (2) Communication and transparency – establish a clear communication channel from the start. This involves outlining the legal processes, expected timelines, and any jurisdiction-specific considerations. Regular updates and transparent communication foster trust and help manage expectations, ensuring the client feels informed and supported throughout their legal journey. (3) Team alignment – given our presence in multiple jurisdictions, the entire team, including lawyers, paralegals, and support staff, must be aligned and aware of the client’s needs and expectations. This coordination ensures that the client experiences seamless service regardless of the complexity of their case or the geographical diversity involved.



**Istvan Szatmary, Oppenheim:** At Oppenheim, client onboarding is seen as part of the service we provide to our clients, even if it involves more and more administrative tasks. For this reason, we have established a number of guiding principles that should be

applied consistently at an early stage in the relationship.

The first principle comes from the IT sector: seamless user experience. Clients should feel that their onboarding process – even if it is onerous – is logical, transparent, and works as they would expect from a user-friendly application.

The second element is the one-stop shop. Clients should only have to deal with administrative issues in a single email, and only with those issues that we cannot resolve ourselves. We should use all our resources to gather the information we need and only ask clients as a last resort – the administrative work should be invisible.

Last but not least, at the beginning of the relationship, the one-stop-shop principle should also be applied to communication: clients should have one point of contact to coordinate all matters so that they do not have to figure out who to contact on a particular issue.



**Milos Komnenic, Komnenic & Partners:** First, understanding the client’s business, needs, and objectives – we prioritize understanding the client’s industry, business model, and operational nuances. This involves thorough discussions to grasp their needs, their goals, and the specific challenges they face. By understanding these aspects, we can tailor our services to meet their expectations and provide solutions that align with their strategic objectives. If we cannot fully understand the client’s business, we do not proceed with the engagement.

Second, setting clear communication and expectations – establishing clear lines of communication and setting realistic expectations from the beginning is crucial. This includes detailing the scope of work, timelines, costs, and any potential risks involved. Transparent communication helps build trust and ensures that both parties are on the same page, reducing the likelihood of misunderstandings and fostering a positive working relationship.

Third, ensuring an efficient onboarding process and documentation – this includes efficiently handling all necessary documentation, ensuring compliance with legal and regulatory requirements, and integrating the client’s information into our systems seamlessly. A streamlined process demonstrates our professionalism and commitment to providing a high level of service right from the beginning.



**Tomasz Stasiak, Wolf Theiss Poland:** Onboarding is a two-way process that allows the adviser to get to know the client and the client to get to know the adviser. Therefore, the first and most important objective of onboarding is to establish appropriate communication with the client. This typically involves multiple communication channels at different levels to ensure that communication is fast, accurate, and effective. Once this is achieved, the advisor should learn as much as possible about the client's objectives, strategy, and internal processes. This helps to ensure that the service is actually useful to the client, while the service delivery helps to strengthen the relationship between the client and the advisor. This is also the basis for the third stage of onboarding – the most challenging but also the most rewarding for the advisor – identifying the client's blind spots. Warning the client of the consequences of their blind spots and helping them to address them is the most value-added role of the advisor.



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**Bernhard Hager, Eversheds Sutherland Slovakia:** Formal, financial, and relationship onboarding. Subject to local and international mandatory rules, our formal onboarding process comprises background checks such as KYC or AML checks. We bought a special program for sanctions checks and we do global conflict checks. When everything is cleared, clients have to confirm our engagement letter and our terms and conditions in writing. Our financial onboarding includes discussions about the entity for receiving our invoices, matter numbers, billing details, etc. However, the most important is the relationship onboarding – bringing the right people together so that on both sides experts who are not only good in their field of expertise but also are able to positively interact and communicate are involved. It happened already, that after a bumpy start, the change of the contact person on our or client's side helped to establish a long-lasting relationship.



**Sergiu Bivol, Vernon David:** Onboarding a new client is all about building a happy and successful working relationship. The best way to start such a relationship is to have in mind the following elements:

Exchanging of information – to give your client the best service, you must have a good understanding of the client's assignment and what they need. The most effective way to get to know the client's needs, wants, and expectations, is by asking clarification questions. Sending the client a general presentation of the law firm is an excellent way to provide a potential client with information about your business, increase the client's confidence in your expertise, and encourage them to use your services.

Holding an onboarding meeting – once you've gathered the information you need, you'll want to have a face-to-face consultation with the client. This is an opportunity to establish a friendly working relationship and pave the way for open communication in the future. However you choose to structure your meeting, what's most important at this stage is that you take detailed notes. If you're hosting a video call, it might be a good idea to record it. This will ensure you have all the information you need to draw up your work plan.

Defining a clear scope of work – irrespective of whether you send the client a proposal first or the draft of a CLA, it is most important to define a very clear scope of work. It's crucial to have the scope very well defined from the beginning, because it will help maintain a transparent, correct, and long-term relationship with the client, and will diminish payment risks.



**Octavian Popescu, Popescu & Asociatii:** First of all, establish clear communication. This means understanding the client's needs, objectives, and concerns, as well as clearly explaining the services you provide, the timelines, depending on the project's complexity, and the expected outcomes. Clear expectations surely help to avoid misunderstandings and establish a solid foundation for a strong and long-term partnership. Ensuring a transparent communication process, on both sides, represents the basis of a successful collaboration.

A clear and efficient communication process is not possible without thorough research and understanding of every client's business and industry as a whole. You need to take time to comprehensively understand not just the client's business and industry, but also any specific legal, economic, or social challenge. This deep understanding allows us to tailor the best

services and the right solutions to the client's unique needs, providing targeted legal advice and anticipating any potential risks. It also demonstrates the law firm's commitment to providing value beyond basic legal services.

Last but not least, building trust is essential for a successful partnership. This involves not only demonstrating competence and expertise in the legal field but also being responsive, reliable, proactive, and adaptable to changes.



**Pal Jalsovszky, Jalsovszky:** First you need to run the compulsory KYC procedure. Although I would not consider it as one of the most important elements of onboarding, it is a must that needs to be adhered to. We also have our internal checklist for financial and controlling purposes. Who will be the party to the invoice? HUF or EUR? One-off or regular? What is the source of the engagement? Which area does the advisory belong to? Should it be presented in our submissions? Etc. All these questions may be painful at a point when you are already eager to give advice to a client but it is still the best time to complete this homework. And finally, there are various business issues that need to be decided: who would be the best person within the organization to run the advisory work, shall we ask for a retainer from the client, and the like.



**Borivoj Libal, Eversheds Sutherland Czech Republic:** When onboarding a new client, three crucial elements come to mind. First, it is essential that our firm has the required expertise in the relevant area of law and ideally within the client's specific sector. This ensures that we can provide high-quality service tailored to their unique needs.

Second, conducting a thorough background check is critical, especially for a multinational firm. This includes KYC and AML procedures to ensure ongoing compliance with legal standards and to mitigate potential risks associated with the client.

Finally, it is important to reach a clear consensus on the scope and depth of the legal services provided and the related pricing. Transparency in these aspects ensures that the client feels they have received top value for their money, fostering satisfaction and encouraging repeat business.

By focusing on these elements, we not only facilitate a smooth onboarding process but also lay the foundation for a strong, trust-based client relationship. ●



# THE INSIDE TRACK: WHISTLEBLOWING – IN-HOUSE OR OUTSOURCE?

In the Inside Track, General Counsels across CEE share the nuances of their roles, challenges, and strategies for success. With organizations continuously challenged to adapt to new and complex legal frameworks, this time we asked: For the implementation of whistleblowing requirements, do you intend to use internal resources or outsource, and why?





**Wioletta Kaloska, General Counsel & Proxy, Symfonia:**

I chose to outsource the entire whistleblowing procedure because I lacked the internal resources to manage this topic effectively. I needed someone with experience in this area not only to advise me but also to guide me through the process, leveraging their knowledge and experience, even assuming the role of project manager, and eventually managing the tool we selected together as one of the channels for reporting suspicions of any wrongdoing. It was crucial for me to build trust with such an advisor, ensuring that when a report is made, I have a trusted, experienced individual by my side who understands our organization's values and knows how to navigate Symfonia. An additional advantage of this approach is undoubtedly the maximization of anonymity/confidentiality of the report and protection of whistleblowers, limiting the number of individuals with access to the report to just one person (General Counsel) and ensuring that only a select few individuals know the whistleblower's identity. The entire process occurs outside the organization, and individuals within the organization involved in the investigation do not learn the whistleblower's identity unless absolutely necessary.



**Natalia Mochales, Vice President and Head of Compliance, Ericsson Middle East & Africa:**

Today we can say that it is not possible – and in many cases, it is legally required – to have an effective compliance program if the company does not have an internal reporting system. It is a decision that requires some evaluation and assessment before implementation. The company will have to consider among other aspects the budget, resources, company size, and number of employees to decide whether the ideal is a whistleblowing channel managed entirely internally, outsourced, or in a hybrid way.

Once this is clear, each system has advantages and challenges and therefore the decision will depend on different factors. Utilizing internal resources for a whistleblower program ensures direct control over the whole process. However, this approach requires significant investment in software and personnel who are dedicated to managing the program. Maintaining confidentiality and objectivity can also be challenging, as internal staff may have biases or conflicts of interest. Outsourcing

to third-party providers can enhance anonymity and objectivity, making employees more willing to report misconduct. However, you will not have full control over the investigation process and security standards.



*We utilize an external platform provided by whistleblower software on a subscription basis. However, we have developed an internal group and company-wide policies alongside compliance officer oversight to ensure adherence to regulations and effective handling of cases.*

In my experience, I have always worked with hybrid systems in which you subcontract to a third party the reception of the allegations which provides a 24/7 service, translates the messages received, and subsequently passes them on to the internal compliance department who are responsible for the matter from that moment on. This model has the advantages of external and internal models and reduces the disadvantages to a great extent. One of the main challenges is that organizations must dedicate significant efforts and resources to training their people and engaging them via internal communication as in the internal model.

In conclusion, the decision between internal and outsourced whistleblower programs depends on organizational priorities such as control, cost, and the need for objectivity and expertise. A hybrid approach can also be considered to leverage the strengths of both options.



**Mate Lapis, Head of Legal, Cherrisk:**

We adopt a hybrid approach for whistleblowing management. We utilize an external platform provided by whistleblower software on a subscription basis. However, we have developed an internal group and company-wide policies alongside compliance officer oversight to ensure adherence to regulations and effective handling of cases. Our compliance officer manages the platform, ensuring its alignment with legal requirements and overseeing the evaluation process, including contingencies for potential complaints against the officer. This approach combines external technological support with internal responsibility, ensuring comprehensive whistleblowing management in line with regulatory standards. ●

# MARKET SPOTLIGHT: ROMANIA

## ACTIVITY OVERVIEW: ROMANIA

The Firms with the most Deals covered by CEE Legal Matters in Romania, between January 1, 2023, and May 15, 2024:

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3.	Filip and Company	22
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5.	Stratulat Albulescu	19

The Partners with the most Deals covered by CEE Legal Matters in Romania, between January 1, 2023, and May 15, 2024:

1.	Roxana Ionescu	15
2.	Alexandru Birsan	12
3.	Alina Stavaru	10
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# THE (NOT SO) LITTLE CEE ENGINE THAT COULD: ROMANIAN ECONOMIC STABILITY

By Andrija Djonovic

Romania's economic landscape has shown both growth and resilience this year, driven mostly by public and private investments and domestic consumption. Popovici Nitu Stoica & Asociatii Managing Partner Florian Nitu, Nestor Nestor Diculescu Kingston Petersen Partner Gabriela Cacerea, and Tuca, Zbarcea & Asociatii Managing Partner Gabriel Zbarcea report on the pulse of the Romanian economy, focusing on key sectors, such as infrastructure, energy, IT, and automotive, that are leading this growth despite challenges like inflation, labor shortages, and geopolitical uncertainties.

## Healthy Economy Across Multiple Sectors

"In the first quarter of 2024, Romania's economic landscape showed moderate growth and significant levels of resilience despite global economic challenges and the regional geopolitical context," Cacerea begins. "As per the forecasts of both local economic analysts and those of international financial institutions and considering the inflation rate which will continue to gradually decrease in the upcoming months, the Romanian economy will likely experience slight growth in 2024, estimated at around 2.7%, mostly powered by public and private investments and domestic consumption."

Echoing this, Nitu says that Romania "benefits from concurrent favorable factors fostering growth, such as emerging market inherent or organic development, EU-funded large infrastructure projects, as well as a rally of pre-emptive investments in industrial facilities of immediate interest to the defense sector."

Despite the growth, there are reasons for concern. As Zbarcea notes, Romania relies too heavily on domestic consumption, with large government deficits and poor tax collection. "It seems like the entire country is dependent on private sector investment and household consumption which, in the long term, is counterproductive," he argues, while also remaining optimistic in saying that "more foreign investors are now taking a closer look at Romania after having previously avoided our country for reasons such as the Ukraine war."

## Primary Drivers

As for the specific sectors pushing the Romanian market forward, Cacerea reports that "there are ongoing projects, investments, and government initiatives that contribute to growth – and here we can mention infrastructure development projects mainly based on EU funds, FDIs, and export growth." She

adds: "At the same time, the energy sector will continue to be one of the drivers considering both the new technologies that need to be accessed and also the increased activities in the sustainability policies area."

Sharing Cacerea's sentiment, Nitu reports numerous growth opportunities, including greenfield and industrial investments, energy, oil and gas, real estate, agribusiness, the financial sector – both in terms of banking and capital markets, IT and telecommunications, healthcare, and pharma. "In general, the Romanian M&A market is expected to flourish in 2024 with other transactions worth over EUR 1 billion on the horizon," he reports.



*It seems like the entire country is dependent on private sector investment and household consumption which, in the long term, is counterproductive.*

Looking at the big picture, Cacerea shares that, in her opinion, "one of the main pillars of Romania's economic upturn is the increase in the attracted EU funds. In terms of the private sector, the increase of changes and developments brought by CSR and sustainability policies result in increases in various sectors, like the information technology and software development sector or the energy sector." Moreover, she stresses that "Romania has the right tools to become a hub for tech companies and investors, as well as the required resources for growth in energy – alongside, the strong relationships with Western economies, for which Romania is a significant export market."

For Nitu, the current level of economic growth appears to be influenced by a mix of several factors, including geopolitical matters and the overall economic status of the region. Specifically, he points to "the long-awaited interest rate cuts, the readjustment of sellers' valuation expectations, the restart or





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intensification of investor interest after a period of relative caution and wait-and-see they entered in the second part of 2022, and, perhaps as a corollary of the above, the increased willingness of ‘free’ capital to ‘run’ out of banks and invest in real economy assets.”

In contrast, Zbarcea focuses on specific projects, highlighting the “underground low carbon electricity transmission project in Romania, an especially important project that will enable the transmission of green energy from the eastern region of Dobrogea to western Romania and EU member states.” According to him, “the development of the National Strategic Project Units 3 and 4 Cernavoda NPP, and the refurbishment and re-tubing of Unit 1 reactor,” are important as well, as is “Romania’s first small modular reactor to be built in Doices-ti.” Furthermore, he shares that “Romania’s pumped storage hydropower project Tarnita-Lapustesti currently awaits feasibility study, with pre-feasibility consultations being carried out until August 8,” and that, if it were to move forward, it would be “the largest hydroelectric load balancing system in the country.”



*Romania has the right tools to become a hub for tech companies and investors, as well as the required resources for growth in energy.*

#### More Good to Come

Finally, taking aim at the road ahead, Cacerea feels that, “for now, it seems that the country’s economy is moderately expanding. However, the evolution of the national economy might be impacted by several challenges and potential signs of slowdown.” According to her, these include “persistent inflation (despite the expected inflation fall), labor market issues, especially in terms of labor shortages in certain sectors, and the unpredictable political landscape which can lead to policy uncertainty, resulting in investment deterrence.” Additionally, Cacerea worries that “potential tax measures that may be taken to counterbalance the budgetary deficit, as well as the loss of trust from both consumers and companies resulting from a lack of transparency in terms of legislative measures are some of the risks that might lead to a slowdown of investments.”

For Nitu, looking ahead prompts a multi-faceted take. “There are economic domains where the organic growth potential remains unfulfilled and, therefore, if market forces are not constrained too drastically, development and economic achievement will occur. In the same vein, in certain sectors, a process of market consolidation is still ongoing and that will yield not only significant transactional work but also economic synergies,” he says. “In what regards large infrastructure or public-private projects, here the position is more nuanced, as availability of funding depends not only on the local realities or project implementation but also on the European Union’s own political and institutional dynamics. Certain fund reallocations are possible, and they could have an adverse impact on the Romanian public investments account,” he adds.

“Given that 2024 is an election year, I would expect a higher level of public expenditure and this, in turn, will put more pressure on inflation rates and budgetary deficit,” Zbarcea notes. “Further, Romania must address – sooner rather than later – a range of internal challenges, such as the aging population and the labor shortage, especially in sectors like healthcare and medical services and tourism and hospitality,” he adds, also stressing the need for a stronger push for digitalization.

“Finally, there is the war in Ukraine and in the Middle East,” Nitu reflects in conclusion. “Both may have a direct impact on the Romanian economy, by accelerating certain divestments and even market withdrawal of strategic investors or by limiting new FDI.” ●

## INSIDE INSIGHT: GABRIELA POPESCU OF MICROSOFT

By Teona Gelashvili

**Microsoft Corporate, External, and Legal Affairs Head for Central Europe Gabriela Popescu talks about her career and her passion for navigating complex legal landscapes.**

**CEELM:** Please walk us through your career path leading up to your current role.

**Popescu:** I am a trained Romanian lawyer who graduated from a law school in Bucharest back in 1990. Regarding my career, I've always been an in-house counsel. I was a university student in Bucharest just after the Romanian Revolution when significant changes were happening in all aspects of our lives. At that time, the scope of a law graduate was being redefined. As a student, I decided I wanted to work for a big company, but I was not sure what this meant exactly. It might have been a stroke of luck or destiny that I saw an advertisement for Coca-Cola hiring new graduates. I decided to apply, leading me to start working at Coca-Cola as an entry-level legal advisor before graduating from law school.

It was a great time when I got to learn a lot. Despite learning a lot of theory in law school, I had little practical experience, which I could only gain from working. What probably gave me a competitive advantage at that time was my fluency in English. The role at Coca-Cola was a combination of legal and public affairs at the time, and we didn't know too much about such work in Romania. After two years at Coca-Cola, I was recruited by another major company, Colgate-Palmolive, where I spent the longest period in my career – 17 years. When I started, the company had two factories and over 1,000 employees, presenting a very complex and dynamic work environment. The Romanian market was just being shaped in 1996, with many things to establish, including working with distributors and unions in a new economic landscape – so there were many things to do, relating to diverse fields of activity.

During this time, I realized the importance of understanding business operations, prompting me to return to school. This led me to pursue an MBA to expand my understanding of businesses. As a General Counsel, I saw my role as that of a business partner – so attending an MBA was the right thing to do at that time. Working for such a significant multinational company was an incredible learning experience. The company had a great organizational culture, and together with my colleagues we all received extraordinary training and formed a strong community.



After 17 years with Colgate-Palmolive, I made a significant industry shift to pharmaceuticals, which was an important change, given the industry's sophistication. After a lengthy interview process, I joined Novartis Pharma company as Head of Legal and Compliance. I worked there for five years. As this is a highly regulated industry, it was a significant professional change requiring me to learn everything from scratch. This stage of my career was challenging but essential for my growth, helping me develop both professionally and personally.

In 2017, I moved to Microsoft, which was again a significant industry change for me. Coming to Microsoft felt like I had finally found my place. The learning curve was immense – and

it still is – while being surrounded by sophisticated professionals, in an industry that is changing at an extraordinarily rapid pace. I started as a Legal Director for Romania, expanded my activity further to cover 25 countries, and since July last year, I took over my current position, of Corporate, External, and Legal Affairs lead for Central Europe, where I focus more on government affairs activities, in addition to the legal ones.

**CEELM:** Between your different roles in the in-house world, what were the most pleasant aspects of your work?

**Popescu:** As a lawyer, I love tackling complex problems and breaking them down into manageable pieces. This brings me great joy and professional satisfaction, especially in government affairs and public policy.

I enjoy identifying market issues, such as why businesses avoid certain products, and creating holistic plans to address them. This involves understanding the problem, engaging stakeholders, and developing a comprehensive strategy to overcome the respective situation.

I noticed that from a legal perspective, solutions might often come quite rapidly, while public policy activity takes much longer until a result is achieved. Identifying an issue is just the first step; it can take years to see the final outcome, requiring structured efforts over an extended period.

**CEELM:** How large is your in-house team currently and how is it structured?

**Popescu:** Our in-house team is structured differently from traditional legal teams. We have a vertically integrated structure with specialists in areas such as privacy, data protection, healthcare, and financial sectors. Although these colleagues are not formally included in the Central Europe team, they support the teams across various regions.

**CEELM:** How do you determine whether to outsource a project or utilize internal resources and what factors influence your choice of external counsel?

**Popescu:** When a project involves specific Microsoft knowledge, our internal team is fully equipped to deal with it. For projects where local market insight is needed, we bring in external lawyers. The external lawyers' teams work with our in-house team, ensuring a blend of internal expertise and local understanding. Within the EU, we adjust our approach based on regional differences, always involving local lawyers to grasp market specifics.

When selecting external counsel, the agility of the respective team is essential and, sometimes, more important than knowledge, which can be accumulated. The fast-changing nature of our work demands flexibility. From my experience, knowledge can be learned, but the agility of the law firm, availability, and desire to address new topics is crucial. For new, unprecedented projects, I choose a law firm that is flexible and eager, even if they might not have all the needed expertise at the time. A lawyer must understand new laws and market trends, and approach issues holistically – and I managed to develop strong relationships with agile and skilled lawyers in Romania over time, who also consider these skills essential for their growth.

**CEELM:** What has been keeping you and your in-house team busy over the last 12 months? What about the upcoming 12 months? What are you keeping on your radar that you think will impact your workload the most?

**Popescu:** Given the specifics of the industry that I work for, digitalization legislation and projects at country levels and, of course, artificial intelligence topics, are high on our agenda. These are very important projects, that involve both governmental affairs as well as legal work – and they keep our agenda full.

**CEELM:** Looking at the future, what do you anticipate as the primary challenges for General Counsels in Romania in the near to mid-term?

**Popescu:** Talking about Romania, we have an amazing community of GCs. Once seen as a unilateral role, GCs here are now business partners, consultants, and board members, so there is a lot on their plate. Romania is lucky to have such skilled professionals.

If I look at the industry where I work, artificial intelligence is going to keep us busy. The challenge of AI does not only come from this technology being available but also from the need to understand that its use must be done cleanly and responsibly, in compliance with clear ethical principles.

One of the other challenges I also see professionally covering more than 20 countries comes from the speed with which new regulations appear and the professional need to be aware of everything that is happening – the challenge of time, if you will.

Overall, I believe GCs have a crucial advisory role in these times and, regardless of the industry where we work, it will be an intense period for all of us. ●

# A VIGILANT EYE: ROMANIA'S COMPETITION COUNCIL

By Andrija Djonovic

**The competitive landscape in Romania is marked by rigorous enforcement and alignment with EU regulations, making it a challenging, dynamic environment for businesses. Tuca Zbarcea & Asociatii Partner Andreea Oprisan discusses recent legislative developments and the Romanian Competition Council's proactive measures in an effort to shed light on this complex legal framework.**

**CEELM:** How would you describe the current competition landscape in Romania?

**Oprisan:** It is indeed a very competitive environment, with high quality in both the actions of the Romanian competition authority – a well-reputed body – and efforts to support the economy and align competition law with EU legislation. Each year, new and increasingly diverse cases arise, making the practice here very challenging and engaging.

**CEELM:** What significant legislative developments have occurred in recent years? How does Romanian competition law interact and align with EU regulations?

**Oprisan:** The Romanian and EU legislation are significantly similar since Romania incorporates various EU regulations directly into Romanian law. The European Commission's extensive expertise influences our competition authorities, who closely follow EU guidelines on topics such as agreements between competitors and vertical agreements like those between suppliers and distributors. Last year, competition law was amended extensively, incorporating the *ECN+ Directive*. To some extent, several of such principles were previously applicable but not formally codified. To name a few, in line with the *ECN+ Directive*, competition law now includes provisions on enhanced cooperation between EU authorities, the right against self-incrimination, and the liability of a mother company for its affiliates. Although these principles were recognized in practice, the authority preferred to have them explicitly stated in local legislation.

Even in the absence of such amendments, in line with the case law of EU courts, there have been attempts in the past (around 2010-2012) to establish the liability of the mother company, but such a case was dropped due to insufficient proof on the merits. The topic remains under scrutiny, and it will be interesting to monitor how the principle of mother company liability will be applied by the local authority in the future and assumed by local courts over time.

**CEELM:** What are the key actions taken by the Romanian com-

petition council? Are there specific sectors or types of anti-competitive behavior that the RCC is particularly focusing on?

**Oprisan:** With the implementation of the *ECN+ Directive*, the authority can now examine with more confidence not only laptops but also other mobile devices and communication platforms like WhatsApp and Teams. According to public information, the competition authority recently imposed significant fines on a TV and mobile phone supplier and IT retailers for anti-competitive behavior, utilizing messages from such platforms as evidence in their case.

The authority is increasingly using screening tools to detect price increases and other potentially anti-competitive behaviors. For instance, they initiated simultaneous investigations in the food sector, targeting specific products like sunflower oil, butter, and sugar, demonstrating their commitment to thoroughly examine the market without discrimination. Statistics show that the pharmaceutical and retail food markets are top priorities, but the Romanian competition authority only intervenes when necessary, using multiple sources to detect potential infringements, such as whistleblower reports and market analyses. Another relevant case made public by the authority last year was a fine applied to three companies, part of the same group, acting in the dairy manufacturing market in Romania, where the authority applied fines for not allowing access to certain employee correspondences.

The authority continues to be very active, maintaining a busy agenda, not only being involved in anti-competitive cases but also handling numerous complex merger cases and being involved in local state aid matters.

**CEELM:** What are the primary challenges that businesses face under the current competition framework in Romania?

**Oprisan:** Romanian businesses are accustomed to an active competition authority. The overall economic context – including the war in Ukraine, the post-COVID-19 economic impact, or inflation – poses a risk as companies might be tempted to



breach competition law in survival mode or may lead to accidental breaches of the law. The Competition Council warns that competition law must be respected despite these crises. Continuous training and compliance programs are essential, doubled by day-to-day advice helping employees recognize potential issues and escalate them appropriately.

The concept of “facilitating” competition infringements is also gaining attention, where businesses might act as hubs for anti-competitive agreements between competitors, leading to significant fines. This concept, which existed in the EU for many years, is now being emphasized in Romania. For instance, facilitating agreements between business partners and acting as an information hub can lead to substantial fines, potentially higher than those imposed on cartel members if the total turnover of the facilitator is larger. Given the current inflation, the Romanian government has intervened to cap markups on basic food products, with the Competition Council offering support in overseeing the implementation of the measure. This is in addition to the Price Monitor platform introduced by the Competition Council, where consumers may check certain retail food prices and retail fuel prices.

In fact, one could not say that a certain sector escapes the authority’s review. The authority is currently looking into the banking sector through two ongoing investigations, is monitoring the price evolution for electricity, oil, and gas due to their importance as economic engines and for day-to-day activities, but is also looking into more innovative areas, such as an investigation against a large IT company with an international presence, in line with investigations in other EU jurisdictions. No sector can escape their scrutiny, whether innovative or traditional markets.

**CEELM:** Looking ahead, what major developments or changes do you foresee in the competition law landscape in Romania

in the coming years?

**Oprisan:** I don’t expect a decrease in activity. The Competition Council is likely to increase its focus on IT-related agreements and cloud-stored information, leveraging technology to identify areas requiring intervention. They will likely expand their scrutiny beyond traditional devices and explore accessing various cloud-stored information. This will significantly enhance their ability to uncover potential evidence hidden in digital spaces. The authority is expected to maintain its pursuit of meaningful cases, especially cartels and bid rigging cases. They will likely continue to collaborate with relevant authorities to ensure a level playing field across different sectors. Tenders remain a key focus area, with the authority cooperating carefully with relevant authorities to ensure fair practices.

The recent amendment of the law allowing the government to request short-term investigations from the Competition Council regarding pricing issues is expected to also have an impact. This collaborative approach demonstrates their commitment to addressing key consumer concerns and effectively managing market dynamics. Although this practice aligns with their actions so far, it is anticipated that there will be a growing interest in and understanding of circumstances, leading to better management of information and potentially various new cases.

Technological advancements help the authority work better and more efficiently, increasing the risk of detection for potential breaches. A few things can be hidden from technology, but the overall trend is toward greater transparency and scrutiny.

**CEELM:** Based on your personal experience, what is one piece of advice you would give to businesses to navigate the competition law environment effectively in Romania?

**Oprisan:** Compliance with a forward-looking perspective is crucial. Businesses should implement robust compliance programs that equip employees with the tools and confidence to escalate potential issues. Regular training is essential to maintain awareness and prevent unintentional breaches. Given the increased risk of detection with the expanding use of technology, transparency, and proactive management are essential to avoid operating in grey areas of the law. Additionally, businesses should consider all aspects of compliance beyond initial implementation, ensuring safeguards are in place to prevent unintentional breaches. Encouraging employees to escalate issues to the most relevant person – whether management, legal departments, or external lawyers – based on the internal organizational structure fosters an environment of transparency and proactive issue resolution. ●

## MARKET SNAPSHOT: ROMANIA

### Increase in the Number of Investigations Concerning Fraudulent Use of EU Public Funds

By Liviu Togan, Partner, Dentons



The European Public Prosecutor's Office (EPPO) is an independent body of the European Union (EU) tasked with investigating criminal cases infringing the financial interests of the EU. The EPPO was formally established in

2017 and started operations in 2021. The first and current head of the European Chief Prosecutor is Laura Codruta Kovesi, former Chief Prosecutor of the National Anticorruption Directorate (*Directia Nationala Anticoruptie*; DNA), the Romanian agency tasked with investigating corruption cases.

Romania has witnessed an increase in the number of cases of fraud involving EU public funds, with approximately 260 ongoing cases involving almost EUR 2 billion. The gist of these investigations concerns fraudulent public procurement operations, followed by VAT and non-VAT fraud, and corruption (including that of public officials). Spread throughout various sectors, the majority of cases concern fraud of EU public funds intended for regional and urban development programs, agricultural and rural development funds, employment, social cohesion and inclusivity funds, and other categories. As of March 2024, 29 individuals from Romania have been charged by the EPPO, seven of which have so far been convicted.

It is expected that this wave of investigations will only increase in the context of the elections in Romania. Such investigations can be launched by both the EPPO and DNA, and, depending on the context and scale, they might significantly affect private companies too. For example, there have been several investigations in Romania in the public procurement sector where large multinationals delivered goods and services to the Romanian government. The DNA claimed that the tender process had been rigged through various methods, such as restricting the characteristics of the products and services so much that the tender process favored only one competitor. The DNA can

investigate the public officials involved in a tender process, but it could also claim that the offeror was also involved in the fraudulent scheme. In either case, damages will still be suffered by the private party, at least reputational damages for having its name mentioned in a corruption investigation.

#### Protection Against Cyber Fraud Should Be a Top Priority for Companies

Another topic that is and seems to remain current is related to cases of cyber fraud. An increase in cyber fraud cases brings again to the forefront the need for companies to invest in protective measures against this type of cyber risk. Cyber fraud can take various forms, but most often involves impersonating decision-makers in a company with the goal of obtaining sensitive information or executing fraudulent transactions.

While cyber risks are an important consideration globally, only 27% of companies from Central and Eastern Europe (CEE), including Romania, consider them a priority. Taking into account the high costs involved with a cyber fraud event, companies would benefit from implementing preventive and protective measures in advance. Once cyber fraud is committed in an EU member state, the money can theoretically be seized at the national level by the respective member state's anti-money laundering agency. However, not all payments are flagged as suspicious within this system and may therefore pass unchecked, in which case the recovery of the sums lost must then be made through a judicial order. In Romania at least, this is a complex process that can take a long time for a final decision. Companies must create a system of prevention and protection against cyber risks, which should, at minimum, include the following elements: (a) reporting of the incident; (b) gathering and storage of evidence; (c) isolation of the incident; (d) recovery following the incident; (e) gathering of feedback following the incident for the strengthening of the preventive and protection measures already in place. ●

## Enhancing Workplace Harassment Regulations: An Examination of Romania's Latest Legislative Efforts

By Alexandru Teodorescu, Managing Partner, Teodorescu & Partners



Workplace harassment is a global issue that undermines the dignity of people and the productivity of employers. Recognizing the need for firm legislative measures, Romania has legislated significant changes to create a safer and more equitable work environment. A key development is the *2023 Methodology for Preventing and Combating Gender-Based and Moral Harassment at Work* (Methodology), approved by *Government Decision No. 970 on October 12, 2023*. This article examines the content of this methodology, its integration with international legal instruments such as the ratification of the *2019 ILO Convention No. 190*, and the recent adoption of the *EU Whistleblowers' Directive*.

**The 2023 Methodology:** The Methodology establishes a detailed framework for addressing and combating workplace harassment in both public and private sectors. It defines terms, outlines measures, and sets procedures for complaints.

**Preventive Measures:** The Methodology mandates that all Romania-based employers integrate clear anti-harassment policies into their internal codes of conduct, internal regulations, employee handbooks, etc. These policies play a critical role in setting the standard for workplace behavior and outline the legal ramifications of harassment.

**Definition of Harassment:** Policies must provide clear definitions of harassment, including gender-based and moral harassment, to help employees understand acceptable behavior.

**Potential Sanctions:** Listing the consequences of harassment deters potential harassers through the threat of disciplinary actions, from formal warnings to termination.

**Rights and Obligations:** Detailed descriptions of the rights of victims and the obligations of all parties involved are crucial, including the right to report incidents without fear of retaliation and the duty of supervisors to act promptly.

**Training and Awareness:** Education and training are game-changers for the successful implementation of anti-harassment policies. The Methodology requires regular training sessions to ensure all employees understand their responsibilities under these rules.

**Comprehensive Coverage:** Training programs should cover legal definitions of harassment, examples of unacceptable behavior, and the consequences of harassment.

**Cultural Change:** Beyond legal compliance, training aims to cultivate a culture of respect and dignity, facilitated by interactive sessions that encourage discussion.

**Continuous Education:** Regular training sessions keep

employees updated on evolving legal standards and societal norms, addressing new challenges in the workplace.

**Complaint Mechanisms:** Effective complaint mechanisms are essential for empowering victims of harassment. These mechanisms must be accessible, ensure confidentiality, and protect individuals from retaliation.

**Accessibility:** Clear information on reporting harassment should be available through multiple channels, such as intranet sites and employee handbooks.

**Confidentiality:** The process for handling complaints must safeguard the privacy of all parties involved, encouraging victims to report incidents without fear of exposure.

**Protection Against Retaliation:** Employers must implement measures to prevent retaliation against individuals who report harassment, including monitoring the treatment of complainants post-complaint.

**International Legal Integration:** The Methodology is complemented by Romania's ratification of the *2019 ILO Convention No. 190*, which calls for the global elimination of workplace harassment. This convention provides a broader context for understanding and implementing the Methodology, emphasizing the importance of international standards in shaping national policies.

**Whistleblowers' Directive:** The recent ratification of the *EU Whistleblowers' Directive* significantly enhances the Methodology by protecting those who report harassment as well. This directive integrates with national policies, ensuring whistleblowers are shielded from retaliation, thus strengthening the enforcement mechanisms of the Methodology.

**Protected Disclosure:** The directive ensures legal protection and support for employees who report harassment, encouraging them to speak out.

**Employer Responsibilities:** It underscores the obligation of employers to establish a safe reporting environment, reinforcing the Methodology's proactive approach to handling harassment cases.

**Conclusion:** Romania's legal landscape regarding workplace harassment is becoming increasingly robust, informed by both international conventions and regional directives. The Methodology, enhanced by the integration of the whistleblowers' directive and the principles of the *ILO Convention No. 190*, represents a significant advancement in creating a safe, respectful, and inclusive working environment. This cohesive approach aligns Romania with international standards and sets a proactive path toward substantial cultural change within workplaces across the nation. ●

## The Life Sciences Industry in Romania: State of Play and What We Can Further Expect

By Alexandra Radulescu, Partner, Dentons



Life sciences in Romania, encompassing pharmaceuticals, biotechnology, and medical devices, is a sector marked by both significant challenges and promising opportunities. As the country continues to integrate into the European Union's regulatory and economic frameworks and as those frameworks evolve and become more complex, Romania faces the constant task of aligning its local industry with European and international standards. This alignment is crucial for fostering innovation, ensuring public health, and attracting foreign investment. The industry's growth is influenced by many factors, such as financing, pricing and reimbursement, regulatory compliance and product liability, and sustainable public procurement tools and processes.

### Funding, Pricing, and Reimbursement

Funding is a constant challenge for the life sciences industry in Romania. Research and development in this sector are capital-intensive, and securing adequate returns proves to be too difficult at times. The Romanian healthcare system is under financial pressure, which often leads to cost-containment measures that can affect the pricing and reimbursement of pharmaceuticals and medical devices. Companies find it challenging to navigate these pricing pressures while ensuring that they can still invest in R&D and innovation, which, in turn, leads to a reduced appetite for market entry. When market entry is sought, there are still significant delays, and critically important medicines and innovative therapies are left outside patients' reach for long periods of time. Changes in the tax legislation, and particularly its application, add to the already full plate of the industry players. Notwithstanding the above, the industry is constantly considering and designing new, value-based ways to provide Romanian patients with access to modern therapies.

### R&D

Venture capital and EU funding programs are useful tools for ensuring the necessary capital for innovation and more companies are making use of available funds. While Romania is in its early stages of supporting startups and SMEs in life sciences and healthcare, enthusiastic steps are being taken, with technology being the main driver at this point. Further opportunities lie ahead as more companies understand not only the financials behind the health business but also the responsibility to ensure access to quality healthcare for patients.

### Regulatory Compliance and Product Liability

Regulatory compliance is a critical challenge for life sciences in Romania. The European Union's stringent regulations

on pharmaceuticals and medical devices require companies to navigate a complex web of rules and standards.

New health assessment legislation at the EU level will raise new complexities, while the EU medical devices legislation is still in its early years of application and not entirely understood or appropriately and consistently applied. Product liability is a constant concern. The life sciences industry is particularly sensitive to issues of liability due to the direct impact that pharmaceuticals and medical devices have on patients' health. Companies must stay vigilant in monitoring the safety and efficacy of their products to avoid legal repercussions and damage to their reputation. The implementation of a new directive on product liability is expected in the near future and the industry will again have to adapt to stricter rules.

However, this challenge also presents an opportunity for companies to differentiate themselves through excellence in product safety. By investing in robust quality control systems and post-market surveillance, companies can minimize the risk of liability and position themselves as trustworthy partners in healthcare. Despite the challenges, the opportunity in relation to wider regulatory compliance lies in the potential for companies to become leaders in quality and safety. By carefully observing EU regulations, companies can improve their reputation and build trust with consumers and healthcare professionals.

### Procurement

Public procurement is a critical process in the life sciences industry as many products are purchased by public healthcare providers. The Romanian government has been working to improve the transparency and efficiency of procurement processes. However, companies often face bureaucratic hurdles and delays, a lack of appropriate specifications in procurement documents, and competition from non-compliant products. The modernization of the public procurement system and the slow but sure progress in educating contracting authorities as well as applicants ensure the premises for further positive developments of the sector.

### What Is Coming

New challenges are coming from the EU level with new legislation coming into force in the near future such as the new HTA regulation and the new product liability directive. These new rules pose complexities – both on their own and in the aggregate. Adding to the already strict environment, Romania has recently implemented class action legislation, which may mean that we may see class actions in the life sciences sector in the future, initiated locally or spilled over from other jurisdictions. ●



## Issues Raised by the ANPC During Thematic Inspections of Real Estate Developers

By Oana Albota, Partner, and Ana-Maria Mincu, Senior Associate, Albota Law



The National Authority for Consumer Protection (ANPC) recently organized thematic controls of real estate developers of residential projects to verify their compliance with the legal provisions on consumer protection.

The ANPC incorrectly assessed that developers do not comply with certain legal provisions on consumer protection. Consequently, it requested the implementation of measures that, in addition to being imposed in relation to breaches of law that have no legal basis, are likely to cause substantial damage to developers. They'll also lead to additional costs that were not and could not have been taken into account when establishing the budgets of the residential projects.

One of the issues raised by the ANPC is related to developers' alleged non-compliance with the minimum areas of the apartments, as regulated in *Housing Law no. 114/1996* (Housing Law). The ANPC requested developers to (a) stipulate in the sales promises/contracts that clients have been informed about such non-compliance and (b) provide fair compensation to their clients covering the alleged damage caused thereto.

However, the control of apartments' minimum requirements takes place at the issuance of the building permits. According to the methodological norms for the implementation of the Housing Law (as approved by *GD no. 1275/2000*), the issuance of building permits must be made with observance of the minimum requirements regarding the areas and the equipment level of the rooms of apartments contained in Annex 1 of the Housing Law. Also, according to the Housing Law, the municipalities (the issuers of building permits), and not the ANPC, verify compliance with the minimum areas contained in Annex 1 of the Housing Law.

Therefore, if (i) construction works were carried out in compliance with the building permit and the technical project, (ii) the apartments' areas comply exactly with the areas from the technical project; (iii) the municipality issued a building permit for the construction of the residential project; and (iv) the building permit has been in force throughout its validity term, has never been challenged, suspended, or annulled (according to the law, the building permit is presumed to be legal), it means that the municipality considered that the mandatory requirements for apartments contained in the Housing Law are

met with respect to the authorized project.


Failure to comply with the minimum areas required by the Housing Law could be the subject of an offense punishable by the ANPC only if it has influenced or is likely to influence in an essential way the clients' decision to purchase the apartments. Given that, by means of sales promises/sales contracts, developers inform clients with respect to apartment areas, and it cannot be held that developers have used unfair commercial practices with the goal of distorting their clients' economic behavior.

At the same time, the ANPC requires developers to include in sales promises/contracts provisions on the guarantee for hidden defects granted by contractors to developers under the terms of *Law no. 10/1995 on quality in construction* (Law 10/1995) despite this obligation not being provided by law for developers but only for their contractors.

There already is a three-year guarantee in place for buildings classified in the category of importance C (the category in which residential buildings are included), a guarantee of 10 years for hidden defects, and a guarantee for the entire life span of the construction of the structure. The law (*Civil Code*) expressly regulates a guarantee for hidden defects which is indeed related to the legal relationship between developers and their clients arising from the conclusion of sales promises/contracts. This is the guarantee of three years from the date of handover or final acceptance of the construction, except if the defect was discovered earlier, in which case the guarantee period will begin to run from the discovery date of the defect.

It seems that ANPC representatives are abusively forcing developers to grant their clients the guarantee periods regulated by Law 10/1995, although these do not concern the legal relationship between developers and their clients but the legal relationship between contractors and developers. It is absurd to require a developer to grant their clients a 10-year guarantee period for hidden defects when, according to the *Civil Code*, the guarantee period they are obliged to grant is of a maximum of three years. Such an obligation undertaken in addition to the obligation provided by law is likely to bring additional costs to developers compared to the budget prepared for the residential project and, therefore, unforeseen losses. ●





**KNOW YOUR LAWYER:  
PAUL BUTA OF  
MUSAT & ASOCIATII**

**Top 5 Projects:**

- Representing ZTE in the ZTE vs Vringo SEP dispute – one of the first multi-continental SEP litigations with a huge number of parallel and incidental procedures and a lot of business, technical, logistical, and political perspectives to keep track of.
- Representing CDK in the CDK vs IT Top Solutions litigation – a major precedent-setting dispute redefining the jurisdiction for preliminary injunctions for infringement of IP rights (for the better) and for main claims of infringement (for the worse) where an arbitration clause also applies.
- Advising Sig Sauer in a competition law investigation – cleared the client of alleged infringement of competition law in a rare precedent-setting decision annulling the infringement decision due to a wrongful definition of the relevant market.
- Representing the George Calinescu Institute of Literary History and Theory in a pro bono case currently with the CJEU which could end up reshaping the core concept of copyright law in Europe and also solve many of the current questions on AI.
- Advising Electrolux in a competition law investigation – this was the first known use of mathematics (not economics) to counter a cartel allegation, involving looking at a linear Diophantine equation with 2,356 unknown variables.

**Career:**

- Musat & Asociatii; Partner; 2016-present
- Musat & Asociatii; Managing Associate; 2013-2016
- Musat & Asociatii; Senior Associate; 2012-2013
- Private practice; 2009-2012

**Education:**

- Nicolae Titulescu University of Bucharest; PhD – Intellectual Property Law; 2014
- University of London; LL.M. – Intellectual Property Law; 2014
- University of London; PgDip – International Business Law; 2013
- University of London; PgCert – Commercial and Corporate Law; 2013

**CEELM:** What would you say was the most challenging project you ever worked on and why?

**Buta:** I believe that the ZTE vs Vringo SEP dispute would qualify as it involved not only multi-territorial IP litigations of every possible kind (preliminary proceedings, infringement claims, patent annulment counterclaims, mandatory licensing proceedings – the latter for the first time ever to be brought in Romania) on a very complex and novel type of patent (standard essential patents for telecommunications), but also a very complex factual and legal background (contractual and corporate history of Vringo, the NPC, and Nokia from whom the patent portfolio had been acquired), multiple non-IP legal proceedings but still related to the patents (competition law complaints with competition authorities in multiple jurisdictions, enforcement proceedings and counter-enforcement proceedings, provisional measures in enforcement proceedings, contractual claims before US courts and provisional relief measures related to such litigated in multiple US states, federal agencies national and cross-border investigations, etc.) and an overall very sensitive international geo-political component with very surprising effects on the ongoing proceedings.

**CEELM:** And what was your main takeaway from it?

**Buta:** In order to bring value to such a challenging project, which can be the centerpiece of a lawyer's career, the increasingly intertwined relationships across borders and continents and the increased complexity brought on by technology require not only the widest perspective of analysis (across practice areas and jurisdictions) but also a basic understanding of (and a hungering curiosity for) many, many things beyond the law.

**CEELM:** What is one thing clients likely don't know about you?

**Buta:** I would guess there are not many clients who know that I also hold a Political Science degree and that I consulted on marketing, branding, and communication strategy before becoming an attorney.

rate Law; 2013

- Babes-Bolyai University Cluj-Napoca; MA European Affairs and Program Management; 2006
- Nicolae Titulescu University of Bucharest; LL.B.; 2005
- University of Bucharest; BA Political Science and Government (English); 2004

**Favorites:**

- Out-of-office activity: Spending time with my family and reading
- Quote: "Always remember that you are unique. Just like everybody else." – seen on a poster
- Book: *Novecento* by Alessandro Baricco
- Movie: *Snatch* (Guy Ritchie, 2000)

**CEELM:** Name one mentor who played a big role in your career and how they impacted you.

**Buta:** Professor Viorel Ros had a major impact on my career. He was one of the very first persons I met when I moved from Cluj to Bucharest, who I worked with both in the university (for over 18 years now) and as a young attorney and trademark and patent attorney, who I had the privilege of accompanying in his many efforts to create and consolidate NGOs in Romania to encourage the study of intellectual property law and to publish scientific magazines and organize conferences on relevant subjects, and who also coordinated my PhD thesis and guided my career toward the practice of intellectual property law. It is difficult to name all the ways in which his guidance is reflected in who I am as a person, as a lawyer, and as an academic.

**CEELM:** Name one mentee you are particularly proud of.

**Buta:** My Deputy Managing Partner, Dan Minoiu, is a lawyer who has grown a lot while working with me and whom I have tried to guide (not sure the quality of my advice would qualify me for mentorship, though) from a Senior Associate position through to his current role. His professional, social, and personal skills clearly set him apart in our market (and I am very happy that he was very recently recognized at a European level as Regulatory Attorney of the Year). But it is his ethics, together with his desire to improve both the business, professional, and social environment around him, that I believe truly set him apart among the people I know. I am, therefore, very proud of his achievements, both as an attorney and as a person and, even though I can't take any credit for most of it, I am certain that he will continue to progress.

**CEELM:** What is the one piece of advice you'd give yourself fresh out of law school?

**Buta:** Use as much of your for-now-significantly-increased spare time to learn as much as possible about as many different things as possible. It is very likely that you will put almost all of that knowledge to good use later on and, more importantly even, use it as a springboard to widen your perspectives even further. ●

# MARKET SPOTLIGHT: MOLDOVA





# MOLDOVA'S EU-INSPIRED PATH TO ENHANCED DATA PROTECTION

By Andrija Djonovic

**In light of Moldova's recent candidacy for European Union membership, significant political and legal reforms have been undertaken to align the country's laws with EU standards.**

**Among these changes, the data protection legal framework has seen notable upgrades to mirror the General Data Protection Regulation, with Gladei & Partners Partner Iulian Pasatii emphasizing the introduction of contractual clauses for data transfers and the new concept of subprocessors. According to him, these changes aim to reduce bureaucratic burdens, particularly benefiting Moldova's IT sector, while presenting opportunities for clearer guidelines and enhanced data protection practices. However, challenges remain as Moldova strives to balance stringent EU-aligned regulations with the flexibility needed for business growth.**

**CEELM:** Can you provide some background on the recent updates to Moldova's data protection legal framework?

**Pasatii:** The recent upgrades to Moldova's data protection legal framework are part of a broader political and legal shift toward aligning with European Union standards. With the Republic of Moldova receiving candidacy for EU membership in June 2022, there has been a strong push to amend various laws to meet EU criteria. Among these crucial amendments is the alignment of Moldova's data protection laws with the General Data Protection Regulation (GDPR). While our laws are not identical to the GDPR, this alignment signifies a political commitment to adhere to EU policies and views on data protection.

**CEELM:** What are some of the crucial amendments introduced in this update?

**Pasatii:** One of the key changes is the introduction of contractual clauses for data transfers. While these clauses have been standard in the EU for quite some time, they are relatively new in Moldova. These now cover data transfers between controllers, controllers to processors, and processors to controllers. Previously, Moldovan controllers faced significant challenges in aligning with foreign partners due to the absence of these standardized clauses. The recent approval of these clauses by the Moldovan regulator, although late compared to the EU, marks an essential step forward.

Another significant change is the introduction of the subprocessor concept, which was not part of Moldovan law until about a year ago. This change is particularly relevant for IT sectors and data protection controllers as it facilitates smoother data processing operations involving subprocessors located abroad.

**CEELM:** Content-wise, what else is new in the framework? How does it compare with the EU standards?

**Pasatii:** The primary difference between Moldova's current framework and the GDPR is the scale of sanctions for non-compliance. In Moldova, fines for data protection violations are relatively small, usually amounting to a few hundred euros. This is in stark contrast to the GDPR, where fines can reach up to 4% of a company's global turnover, potentially amounting to millions of euros.

While the smaller fines in Moldova provide some operational freedom for businesses, they also highlight a critical area for future improvement. The Moldovan government has already put on its agenda a new data protection law aimed at aligning these fines more closely with GDPR standards, though we are still discussing significantly lower amounts compared to the EU.

**CEELM:** How have these changes impacted businesses?

**Pasatii:** The IT sector in Moldova has been significantly impacted by these legal amendments. The new framework reduces bureaucratic burdens and streamlines processes for submitting documents to foreign partners, controllers, and processors. This positive change is expected to boost economic activities by enabling data processing operations, cloud solutions, and other business ventures at a larger scale.

Before these amendments, pre-approval procedures could take anywhere from six months to a year, significantly delaying projects. The elimination of these procedures means that Moldovan businesses can now operate under rules similar to those in the EU, facilitating smoother and faster implementation of projects in the ICT area.



**CEELM:** What are the main opportunities and potential pitfalls of this new legal framework?

**Pasatii:** One of the main opportunities presented by this new framework is the clearer guidelines on data transfers and operations in a multi-jurisdictional market. By adopting standards similar to the EU, Moldovan businesses can now ensure the same level of data protection, which is crucial for success in international markets. Following the EU's lead in this area is beneficial because it allows us to leverage their experience and best practices.

However, there are also challenges. While aligning with the EU framework brings a more mature and regulated environment, it also introduces higher fines and stricter regulations, which can be daunting for some sectors. The key will be finding a balance that ensures robust data protection without stifling business innovation.

**CEELM:** Are there any new specific rules or provisions worth noting?

**Pasatii:** Yes, we now have specific rules and provisions covering data protection impact assessments. These assessments include various aspects that have been part of the GDPR for quite some time. This addition is a positive step as it provides a structured approach for evaluating and mitigating data protection risks, further aligning our practices with EU standards.

**CEELM:** Looking to the future, how do you see the Moldovan regulator treating these new rules?

**Pasatii:** The future treatment of these rules by the Moldovan regulator will be critical. While the current framework aligns closely with the GDPR, it will be interesting to see how the regulator adapts these rules to the Moldovan context. The approach to data protection in Moldova will need to balance strict compliance with practical flexibility to support business growth. As we gain more experience and develop best practices, I believe Moldova will continue to refine and improve its data protection landscape. ●

## INSIDE INSIGHT: BOGDAN PLESUVESCU OF BANCA TRANSILVANIA

By Teona Gelashvili

**Bogdan Plesuvescu has worked in both Moldova and Romania's banking sectors, progressing from a legal role at Banca Transilvania to CEO of Victoriabank to Deputy CEO back at the "mother organization."**

**CEELM:** Tell us a bit about yourself and your career path leading up to your current role.

**Plesuvescu:** In 2003, I started my career in the banking sector as the deputy legal manager at a bank in Romania, which was owned by Turkish shareholders. Joining this institution marked the beginning of what I consider to be the ideal start to my professional journey. The experience presented numerous challenges and abundant opportunities for learning, particularly in the realms of negotiation and retail banking. My tenure at Credit Europe Bank significantly influenced my future career trajectory, for which I hold immense gratitude.

Transitioning to a prominent international organization provided me with invaluable insights into the dynamics of global banking operations. Working across various jurisdictions broadened my perspective and facilitated extensive networking opportunities. Moreover, my involvement in addressing competition council issues locally, coupled with knowledge exchange sessions in London, equipped me with indispensable expertise in navigating such regulatory landscapes.

Subsequently, at ABN Amro Bank, I assumed broader responsibilities beyond legal matters, encompassing collections and turnaround initiatives within the banking sector. This transition culminated in my elevation to the role of vice president at Finansbank Romania Bank, marking a significant milestone in my career progression.

In 2013, I joined the Banca Transilvania group, assuming the role of Legal Director and overseeing the workout and collection departments. Notably, the period coincided with the group's active involvement in several pivotal acquisitions, including Volksbank (2016), Bancpost – EFG Group (2018), and Victoriabank (2018) in the Republic of Moldova. These acquisitions propelled the bank's market presence, presenting multifaceted challenges and opportunities for growth.

Following the successful acquisition of Victoriabank in Moldova in 2018, I was appointed as its CEO, embarking on a transformative journey aimed at enhancing corporate governance and fostering sustainable growth. Over the ensuing five



years, amidst formidable challenges such as the COVID-19 crisis and regional geopolitical tensions, our concerted efforts resulted in the bank's remarkable evolution into a high-performing institution with robust governance frameworks.

My subsequent role as deputy CEO at Banca Transilvania, commencing last year, signifies a return to the mother organization, albeit with expanded responsibilities encompassing group subsidiaries coordination in addition to legal, workout, and collection. Noteworthy engagements include my participation in an M&A project within Moldova where Victoriabank acquired BCR Moldova (part of Erste Group) in 2022 and the recent acquisition of OTP Bank in Romania, underscoring the group's strategic expansion initiatives.

As I navigate my current role, based in Romania, I am committed to leveraging my diverse expertise to drive sustainable growth and foster excellence across Banca Transilvania's diverse business domains.

**CEELM:** What were the main elements that led you from the



position of a legal advisor to a management position?

**Plesuvescu:** I believe that skills, primarily determination, focus, and problem-solving abilities, are crucial in navigating challenges and fulfilling roles effectively. In the realm of in-house legal work, it's often perceived that lawyers merely interpret the law without offering practical solutions. However, in reality, in-house lawyers adopt a pragmatic approach to problem-solving, patiently listening and strategizing to mitigate risks. Throughout my career, I strived to broaden my expertise beyond legal matters, engaging in activities such as workouts and leadership. This diversified skill set underscores the notion that even an in-house lawyer can ascend to the role of CEO, demonstrating that there are no inherent limitations in career progression.

**CEELM:** During your tenure, what would you describe to be the most intense period?

**Plesuvescu:** In Moldova, one of the most pressing challenges arose during the COVID-19 period. Initially, our organization operated entirely from the office, relying solely on paper documents without any electronic archives. However, from March 15 to April 1, we faced the task of transitioning to a work-from-home setup. This transformation was particularly daunting, given that we lacked laptops and relied solely on desktop computers. Within a short span, we had to procure nearly 800 laptops, establish VPN connections, and implement stringent security measures. This demanded significant resources, both financial and human, to accomplish within a two-week timeframe.

This experience prepared us for the subsequent challenge triggered by the outbreak of war in Ukraine. Overnight, we were confronted with a surge of refugees seeking assistance, including access to financial services. Additionally, our own staff expressed concerns about relocating their families to safer jurisdictions, considering Moldova's non-membership to the EU. To address these concerns, we developed a comprehensive program aimed at providing support and reassurance to our team members. We assured them that, in the event of any adverse situation, we would prioritize their safety and facilitate necessary arrangements, including backup plans for relocation to Romania if needed. Despite the uncertainties, none of our team members chose to relocate with their families, signaling their trust and commitment to the organization.

**CEELM:** How large is your in-house team currently, and how do you decide if you will outsource a project?

**Plesuvescu:** Banca Transilvania is the largest bank in Romania, with a comprehensive presence covering retail, SMEs, and corporate sectors, boasting over 500 branches nationwide. Our

operational model relies heavily on an in-house legal team, comprising nearly 100 professionals stationed at headquarters. These in-house lawyers handle day-to-day activities encompassing retail, SME, litigation, corporate governance, and regulatory compliance. Our preference for an extensive in-house team stems from the desire to maintain control and expertise internally rather than outsourcing.


However, for specialized projects such as M&A transactions, we collaborate with external legal experts. This strategic decision to outsource arises when additional expertise is required, particularly for transactions involving specific industries. We establish partnerships with external lawyers to complement our internal capabilities and ensure the success of these projects. Similarly, in cases of heightened litigation risk, we engage external legal support to augment our in-house team's capabilities.

Selecting external legal partners is a meticulous process, heavily reliant on established trust and prior relationships. Once engaged, the continuity of working relationships proves beneficial, as familiarity with our organizational structure and demands streamline collaboration. Despite our stringent requirements and tight court filing deadlines, we maintain high standards for external legal partners, choosing from a select group of trusted professionals with proven track records.

**CEELM:** What has been keeping you and your in-house team busy over the last 12 months? What about the upcoming 12 months? What are you keeping on your radar that you think will impact your workload the most?

**Plesuvescu:** Digitalization, particularly in the realm of AI, is increasingly prevalent within the banking sector. Discussions encompass various areas, emphasizing the need to enhance automation not only in legal tasks but across all banking activities. This shift presents numerous challenges, requiring the development of new skills within the legal domain. Legal aspects of automation and digitalization demand thorough documentation, up-to-date knowledge of legislative changes, and the implementation of best practices. Managing these aspects keeps us extensively engaged, both in accumulating knowledge and integrating AI-driven tools and systems into our in-house operations.

Internally, there are ongoing debates regarding the potential for AI to replace the work of in-house lawyers. However, my stance is that we should embrace technological advancements rather than fear them. The focus should shift toward exploring how lawyers can collaborate with AI to enhance productivity and streamline legal processes. Instead of viewing AI as a threat, we should seek ways to leverage it to improve efficiency and clarity in legal work. ●

A professional headshot of Roman Ivanov, a middle-aged man with short, light-colored hair, wearing a dark blue suit jacket, a white dress shirt, and a dark patterned tie. He is looking directly at the camera with a neutral expression against a dark grey background.

# KNOW YOUR LAWYER: ROMAN IVANOV OF VERNON DAVID

## Top 5 Projects:

- Advising on Victoriabank's acquisition of BCR Chisinau – the Moldovan subsidiary of BCR Romania, an Erste Group bank. The deal which was closed in January 2024 represents a premier for the Moldovan banking market. For the first time in Moldovan history, one local financial institution acquired another local bank.

- Advising on the Moldovatrangaz and Vestmoldtrangaz lease agreement. The deal was closed in September 2024. By entering into this lease agreement, the entire natural gas pipeline network of the country was handed over for the use and management to an independent network operator, thus implementing a historical unbundling for Eastern Europe.

- Advising on EUR 150 million+ in trade commodity financings for Trans Oil Moldova's operations. During the period of 2014 to 2018, we acted for a series of international lenders and investment funds to finance the business

operations of the largest agri-businesses of Moldova, the Trans-Oil group of companies.

- Advising on the acquisition of Farmaprim by Amring Holding. In 2017, we assisted one of the world's largest pharma holdings, Amring, on the acquisition of Moldovan pharmaceutical producer Farmaprim. The deal, implemented in a series of steps and finally closed in 2022, represented the only acquisition of a Moldovan pharmaceutical company in the country's history.

- Advising on the acquisition of Sun Communications by Orange Moldova, the local subsidiary of Orange France. In 2016, we assisted Orange Moldova on the acquisition of the largest cable TV operator in Moldova, Sun Communications. With this deal, in addition to being one of the largest mobile phone operators, Orange Moldova became an important player in the cable TV market.

**Career:**

- Vernon David; Partner; 2009-present
- Lextal Law Offices; Associate; 2008-2009
- Victor Burac Individual Law office; Associate; 2008-2008
- Ministry of Justice of Moldova's Foreclosure and Enforcement Department; Consultant, Legal Department; 2006-2008

**CEELM:** What would you say was the most challenging project you ever worked on and why?

**Ivanov:** The lease agreement between Moldovatrangaz, as lessor, and Vestmoldtrangaz, as lessee. The subject matter of this lease agreement was the entire natural gas pipeline of the Republic of Moldova, while its execution was imposed by the provisions of Moldovan and European legislation, mainly the Third Energy Package.

The most challenging part of this project is exactly the fact that both parties “were forced” by the provisions of Moldovan law to enter into this agreement, i.e., there was no independent decision from either of the parties to execute it. Given this, the negotiations were extremely difficult, while in relation to certain essential terms and conditions, it was almost impossible to identify a consensus or a mutual decision.

In addition, considering the ownership structure of the parties and the underlying (geo-)political background of the deal, the negotiations were highly affected by the emotions and personal attitudes of the parties regarding the subject matter of the agreement. Even if the active phase of negotiations lasted only two weeks, including a series of breaks and back-and-forth exchanges of comments and various drafts of the documents, the issues above transformed negotiations into one of the most difficult projects in my entire career.

**CEELM:** And what was your main takeaway from it?

**Ivanov:** The conclusion below was not necessarily generated by this specific project, it was rather re-confirmed by it: A transactional lawyer is not only a highly-motivated practitioner having good knowledge of the law, but also a psychologist who should be ready to provide their client with mental support and assistance during the negotiations.

**Education:**

- Moldova Academy for Public Administration; LL.M; 2007
- Moldova State University; LL.B; 2005

**Favorites:**

- Out-of-office activity: Jogging and traveling
- Quote: “No limits, but the sky” – Cervantes
- Book: *Metro 2033* by Dmitry Glukhovsky
- Movie: *Green Book*

**CEELM:** What is one thing clients likely don't know about you?

**Ivanov:** I am extremely hard on myself when it comes to the results of my work and my mistakes. My clients are used to meeting and talking to positive, smiling individual and don't know the real feelings and emotions boiling inside of me.

**CEELM:** Name one mentor who played a big role in your career and how they impacted you.

**Ivanov:** It's a former Partner and head of the Moldovan office of Vernon David, Diana Neagu. Diana is one of the most clever, fast, and experienced lawyers and individuals I met in my life. She managed to enable the best parts of my character, taught me business law, and guided me to understand the needs and expectations of clients. Being my direct supervisor, she was the one who reviewed my work, assessing progress, and making suggestions for improvement.

**CEELM:** Name one mentee you are particularly proud of.

**Ivanov:** It's my colleague Adelina Braga, Associate at the Moldovan office of Vernon David. She joined the team in 2017 and since then her progress rocketed. Currently, Adelina (although she continues to disagree) is one of the best commercial lawyers, able to handle multiple and diversified projects. She is extremely attentive to details and able to read and understand client's needs and expectations. At the same time, while working closer with me for a longer period, she also took over my weak points, such as, for instance being a “formatting freak.”

**CEELM:** What is the one piece of advice you'd give yourself fresh out of law school?

**Ivanov:** Be ready to fall, be ready to make mistakes, and be ready to stand up and move forward. There are no catch-22 situations as long as you believe in yourself and are ready to make sacrifices. ●

# EXPERTS REVIEW: INFRASTRUCTURE/PPP

This issue's Experts Review section focuses on Infrastructure/PPP. The articles are presented in an order based on the length of railway routes available for train service in each jurisdiction, irrespective of the number of parallel tracks according to World Bank 2021 data.

Ukraine and Romania are the frontrunners with rail lines of a total of 21,626 and 10,769 kilometers, respectively, and North Macedonia is last with 683 kilometers.

Country	Percentage	Page
Ukraine	21,626*	Page 54
Romania	10,769	Page 55
Slovenia	1,209	Page 56
Turkiye	10,546	Page 57
Czech Republic	9,357	Page 58
Austria	4,962	Page 59
Bulgaria	4,031	Page 60
Serbia	3,348	Page 61
North Macedonia	683	Page 62

\* 2020 data available only



## Ukraine: Development of a Public-Private Partnership During Wartime

By Maryna Sharapa, Partner, Arzinger



The use of PPP mechanisms in Ukraine is not common and has been only recently gaining momentum. Even though the *Law on Concessions* was adopted back in 1999 and the *Law on Public-Private Partnership* in 2010, these instruments have long been underestimated.

The main reasons were imperfect legislation and the public sector's low institutional capacity, traditionally more oriented toward leases or privatization. The state was not ready to undertake long-term budgetary obligations and participate in lengthy feasibility study procedures. In all fairness, it should be noted that there were no legislative mechanisms for this.

Real infrastructure projects, structured with the technical support of the IFC, appeared only in 2019 when the preparation of two concession projects in the ports of Olvia and Kherson started. The financial closing of both projects took place at the end of 2021. In addition to the successful completion of these transactions, the team of consultants identified weak points in the legislation, which required the fastest possible response from the government and parliament.

During the implementation of the first concession projects in ports, changes were made to the *Law on Concessions* aimed at implementing *Directive 2014/23/EU on concessions*. The changes considered the existing international experience and significantly improved the rules for granting concessions and procedures for developing feasibility studies and conducting tenders.

The improvement of the legal framework and the successful completion of the two port concessions became the impetus for the preparation of several new projects in the field of transport infrastructure. Not only the public sector but also private companies contributed to these activities.

Thanks to a private initiative, the preparation of feasibility studies of several more projects in the port sector was started. The implementation of the projects was planned for 2020-2023. Examples include the concession of the Odesa port passenger terminal and the concession of the Berdyansk and Izmail ports.

Between 2019 and 2021, the Ministry of Infrastructure launched a few infrastructure projects with the support of the WBG. In particular, a pre-feasibility study was prepared for five airports, eight railway stations, and six highways. Advisers were involved in

preparing a feasibility study of two concession projects in the port of Chornomorsk. Further implementation of these projects was stopped by the full-scale military invasion.

Significant damage or a complete destruction of critical infrastructure became the reason for an intensive search for financing the reconstruction of the country. In this context, PPP appears to be one of the most promising tools.

In this regard, during the two years of the war, the government worked out appropriate changes to the legislation on PPP. A massive draft law on amendments to the laws on PPP and concessions was adopted in October 2022 in the first reading. Currently, the draft law is being prepared for the second reading. Key legal advancements include: (i) the definition of a new type of project – restoration projects, for which a simplified preparation procedure is provided that allows reducing the time for implementation (critical in the current context of Ukraine); (ii) the regulation of a new type of project – restoration projects; (iii) the expansion of sources of funding for PPP projects and sources for state support, in particular, the possibility of financing PPP projects through grants; and (iv) the initiation of the opportunity to implement PPP projects in the field of housing construction.

Furthermore, this draft law introduces systemic changes in legislation in the fields of highways, railway transport, waste management, water supply, education, and healthcare. As previous experience has shown, the imperfection of industry legislation is a key factor restraining PPP development.

Despite the martial law, the prospects of PPP projects in Ukraine are also indicated by the fact that the WBG has renewed the preparation of projects in the port of Chornomorsk (concession of ferry crossing and container terminal) and launched the pre-feasibility study of PPP projects in the field of healthcare.

Consequently, in April, the World Bank updated its *Benchmarking Infrastructure Development 2023* rating, which demonstrates the quality of legal regulation in the countries of the world in terms of the possibility of implementing large infrastructure projects with the involvement of the private sector. Ukraine demonstrated one of the best results in the world, increasing its indicators by 41 points. This shows the existence of a favorable legislative environment for attracting private investments to Ukraine under PPP conditions. Hopefully, it will become the basis for financing future infrastructure projects. ●

## Romania: PPP Legal Framework – A Pragmatic Approach

By Robert Rosu, Partner, and Tudor Bonifate, Associate, Tuca Zbarcea & Asociatii



On January 11, 2024, Romania enacted significant amendments to its legislation on public-private partnerships (PPPs). While the country has had a dedicated PPP legal framework since 2002, no major infrastructure projects have been developed through this mechanism. To attract private investors and international financial institutions to participate in such projects in Romania, *Government Emergency Ordinance no. 39/2018 on PPPs* (GEO no. 39/2018) has been amended substantially.

The amendments were drafted by Tuca Zbarcea & Asociatii and the International Finance Corporation (IFC), part of the World Bank Group, as legal and financial advisors to the Romanian government and the Romanian Ministry of Finance.

### Parties to the PPP Contract

Prior to the amendments, each PPP contract was concluded between three parties: (i) the public partner; (ii) the private partner; and (iii) a special purpose vehicle (SPV) set up by the private partner to implement the project. In practice, it was noticed that private investors were reluctant to enter into PPP contracts due to the specific obligations they had to assume toward the public partner and the liability they faced in case of non-performance. The new regulation takes important steps to eliminate this inconvenience by expressly allowing the public partner to sign the contract only with the SPV, which thus becomes the only entity to assume obligations under the PPP contract.

### The Public Partner's Contribution to the PPP Financing

The previous regulation limited the public partner's contribution to the PPP financing to 25% of the capital costs. This limit was unsustainable in social infrastructure projects (such as hospitals and schools), where the public partner needs to make a substantial contribution from the construction phase of the PPP project. The new regulation removes the limit on the public partner's contribution and allows it to contribute as

much as necessary from the start of the PPP contract, provided that the contribution is consistent with EU limits on the public deficit and debt.



### Financing Municipal PPP Projects

The previous legislation was unclear as to whether the national government could finance municipal PPP projects. Some of these projects are vital for local communities, but municipalities cannot afford to properly finance them. The new regulation addresses this issue. The Romanian government can now participate in financing municipal PPP projects and there is now a clear set of administrative procedures, decisions, and approvals for allocating funds from the central budget to local budgets to successfully finance economic and social infrastructure projects.

### Resolution of Disputes Arising from PPP Contracts

Romanian legislation does not provide for a special procedure for the resolution of disputes arising from PPP contracts. Instead, the standard procedures for public procurement and concession contracts apply. The parties may choose to submit their dispute to the administrative divisions of the competent courts or to an administrative body (the National Council for Solving Complaints). The new regulation is a big step forward as it allows the parties to a PPP contract to include an international arbitration clause. It also streamlines the process for public partners to engage specialized law firms to represent them in international arbitration.

Currently, there is no established administrative or judicial practice for applying the new provisions of GEO no. 39/2018, given that they recently came into force. However, Romanian public authorities have already shown interest in developing the country's economic and social infrastructure through PPP contracts. The best-known project is the modernization of the Timisoara Municipal Hospital, with an estimated value of EUR 120 million. ●

## Slovenia: The Impact of Renewable Energy Deployment on Infrastructure

By Masa Kramar, Partner, Senica & Partners



Slovenia is adopting the EU's strategy to boost renewable energy (RE) for electricity to enhance decarbonization. Unlike France's reliance on nuclear power, Germany's focus on renewables like wind, solar, and hydro hasn't significantly reduced CO2 emissions, evidenced by its emissions being eight times higher than France's. Renewable energy's effectiveness is hindered by its dependency on variable weather and geographic conditions, necessitating constant backup from other energy sources. Germany, for example, has had to reactivate coal plants due to the closing of nuclear facilities. Additionally, storing excess electricity from renewables is still undeveloped, costly, and energy-intensive, requiring substantial financial and time investment. Infrastructure upgrades are also needed to integrate new renewable plants, with some Slovenians facing grid congestion issues when trying to connect solar installations or electric vehicle chargers. The broader environmental impact of renewables, including the materials for solar panels and their recycling, must be accounted for in their carbon footprint. As Slovenia contemplates a new nuclear facility, these factors play a crucial role in its energy planning.

As green electricity remains a primary goal for the EU, Slovenia has already adopted in July 2023 the *Act on the introduction of installations to produce electricity from renewable energy sources (ZUNPEOVE)* which aims to deploy installations to produce electricity from RE sources in cases where it is feasible to do so. The ZUNPEOVE sets out specific spatial planning requirements and requires both municipalities and the state to make it mandatory to plan for photovoltaic installations when drawing up spatial plans. It also introduces the possibility of so-called "ancillary energy activities" by installing photovoltaic installations and wind generation facilities on agricultural and forest land, provided that such activities allow the land and facilities to serve both the main purpose and the ancillary energy activity at the same time. Furthermore, in the case of the installation of a photovoltaic installation on freehold property, the ZUNPEOVE stipulates that such installation may

be carried out with the consent of the owners of the freehold property who hold more than three-quarters of the ideal shares. The ZUNPEOVE also provides for the possibility of establishing an easement or building right on buildings owned by the state or a municipality, free of charge, for the purpose of installing a photovoltaic installation, if it is established for the benefit of a community in the field of RE, whose members are only natural persons, non-governmental organizations, or a self-governing local community.

The ZUNPEOVE also provides for the mandatory installation of photovoltaic installations in the case of reconstructions and new constructions of all buildings and car parks with a roof area of 1,000 square meters or more and in the case of all existing buildings and car parks with a roof area of 1,700 square meters or more. An exception to the mandatory installation of a photovoltaic installation is given in case of inappropriate use or type of building, inappropriate location or insolation of the building, provision of green spaces and nature-based solutions, and in case of protection of cultural heritage. The ZUNPEOVE does not set a time limit for the mandatory installation of photovoltaic installations on existing buildings but foresees that this time limit shall be prescribed by the government by a special regulation, whereby such time limit cannot be shorter than two years and longer than 10 years. On April 13, 2024, the *Regulation on more detailed spatial planning rules for the siting of photovoltaic installations and solar energy receivers (Regulation)* entered into force, which also does not set a deadline. When setting the deadline, the Government will also have to consider the European Parliament legislative *Resolution on 12 March 2024 on the proposal for a directive of the European Parliament and of the Council on the energy performance of buildings*. The proposal for a directive, which is expected to be adopted by the end of 2024, provides in Article 10 that member states shall ensure suitable solar energy installations on public and non-residential new and existing buildings from 2027 onward and on new residential buildings from 2029 onward. It is therefore clear that green energy will not only drive the energy industry but also determine the infrastructure which will be built from now on. ●



## Turkiye: Green Energy Infrastructure and PPP Projects

By Zahide Altunbas Sancak, Partner, and Yasemin Keskin, Senior Associate, Guleryuz Partners



Public-private partnerships (PPPs) are co-operation agreements between public and private sectors for providing public services traditionally provided by the state and funded by taxpayers. These partnerships involve sharing investments, risks, liabilities, and revenue between the parties, ensuring public welfare by addressing economic challenges in essential sectors. PPPs offer an alternative approach to traditional state-financed projects, allowing faster and efficient construction of large-scale projects.

The above holds especially true in the development of critical energy infrastructure, which has historically been at the forefront of PPPs in Türkiye. The country enacted the first *Electricity Build-Operate-Transfer (BOT) Law No 3096 published in the Official Gazette dated December 19, 1984, and numbered 18610* as its first BOT law, and later adopted the model in further sectors with further domestic legislation. Today, Türkiye is one of the leading countries using PPPs investments for critical infrastructure development, with a total contract value of USD 19.7 billion between 1986 and 2021 for the development of energy assets.

While traditional PPP models such as BOT and Build-Own-Operate (BOO) for energy projects are still permissible and viable under Turkish law, the sector was further liberalized in the 2000s with the enactment of *Electricity Market Law No. 4628 published in the Official Gazette dated March 3, 2001 and numbered 24335 (Repeated)* and its successor *Electricity Market Law No. 6446 published in the Official Gazette dated March 30, 2013 and numbered 28603*. With these reforms, private sector actors now can act directly in the energy market, essentially resulting in PPPs in the sector gradually moving away from traditional PPP models to more modern agreements. As a result, besides the traditional mega-project PPP models, a conventional loan structure model and borrowing base model are now also common project financing structures in Türkiye for energy infrastructure projects.

### New Models in Renewable Energy

As Türkiye continues to liberalize its energy sector, there is a noticeable shift toward renewable energy, creating a fertile landscape for a new type of PPP. Unlike traditional energy projects which have gradually moved toward liberal market practices, green energy initiatives are increasingly supported by government incentives and initiatives, marking a significant evolution in the way public involvement is conceptualized in the Turkish energy sector.



In this context, while the framework was developed much earlier and incentives have been in place regarding license applications, annual licensing fees, and taxes, the first concrete step was taken in the form of the *Renewable Energy Support Mechanism (YEKDEM)*, which provides feed-in tariffs in the form of above-market purchase guarantees for renewable energy projects put into operation before 2021, essentially providing a public guarantee for the long-term stability and cashflow for the project.

The YEKDEM model was then followed up with the *Renewable Energy Resources Area (YEKA)* model. According to the YEKA Regulation published in the Official Gazette dated October 9, 2016 and numbered 29852, the Ministry of Energy and Natural Resources (Ministry) determines an area as a YEKA zone and opens it up to investment via engaging potential investors by public tender. The tender then proceeds with the reverse bidding model, where the lowest bidder has the right to conclude a YEKA Usage Rights Agreement with the Ministry. Under the YEKA Usage Rights Agreement, just like in the YEKDEM model, the investment is guaranteed with a feed-in tariff and a 15-year purchase commitment.

### Conclusion

Türkiye, as a country highly exposed to climate change due to its geographical location and natural resources, committed to transitioning to a low-carbon economy by becoming a signatory to the *Paris Agreement* and setting an ambitious target of achieving net-zero emissions by 2053 and prepared the *Green Deal Action Plan* to align with the EU. Moreover, the country has set ambitious concrete goals for the near future to substantially increase its renewable energy, which are expected to comprise 64.7% of the total installed capacity, according to the *National Energy Plan* published by the Ministry.

All in all, the current regulative and economic framework in Türkiye, along with its strong PPP tradition and its commitments to green energy, has created an environment of new opportunities for foreign and local investors looking into the energy sector. By taking concrete steps in renewable energy with the YEKDEM and YEKA models, Türkiye is not only moving toward the goals set forward by the *Paris Agreement* and the *Green Deal Action Plan* but also opening a new avenue for PPP in energy and creating new opportunities for investors. ●

## Czech Republic: Permitting of Infrastructure Projects Under the New Czech Construction Act

By Vaclav Rovensky, Partner, Kocian Solc Balastik



In 2021, a new *Construction Act* (No. 283/2021 Coll.) was adopted in the Czech Republic. This groundbreaking legal norm was designed to solve problems in the permitting process for infrastructure and other projects, such as lengthy administrative procedures, a cumbersome process of obtaining consents and opinions from various authorities, and often a lack of coordination among authorities, which frequently caused inconsistencies in interpreting the law as well as delays.

The new *Construction Act* is therefore intended to simplify and speed up the process, improve transparency, and enable better coordination between authorities and other stakeholders. To achieve this, the digitalization contemplated by the new *Construction Act* will be an important tool.

One key part of the new *Construction Act* was the creation of a new state construction administration system within the concept of institutional integration. Although this comprehensive reform was not implemented to the original extent due to several amendments to the new *Construction Act*, where the mixed model is still maintained, it has given rise to a major office with an integrated agenda: the Transport and Energy Construction Authority (*Dopravní a energetický stavební úřad*; DESU). This is now the key single authority for permitting infrastructure construction projects, which are defined by law as “designated construction projects” and specified in Annex 3 of the new *Construction Act*. These projects – which include motorways, railways, civil aviation facilities, large power plants with a capacity exceeding 100 megawatts, and structures in the field of nuclear facilities and power transmission systems – are of special importance for the state and their permitting process is more strictly regulated.

A state organizational unit, the DESU is under the Ministry of Transport or the Ministry of Industry and Trade of the Czech Republic, depending on the specific project it authorizes. Its scope is nationwide and includes key transport and energy infrastructure projects. The DESU integrates the agendas of several previously separate offices, making efficient use of expertise and resources to significantly simplify and speed up the construction permitting process. In doing so, the DESU eliminates redundancy and improves communication between different sectors. The DESU now includes experts from the Ministry of Transport, the Railway

Authority, the Civil Aviation Authority, regional authorities and Prague City Hall for transport construction projects, and experts from the Ministry of Industry and Trade and the mining authorities for energy construction projects. This integration allows the DESU to assess and approve projects in a broader context, which includes not only the structures themselves but also related aspects, such as their impact on transport and energy.

As an authority specialized in major infrastructure, DESU’s competence primarily consists of permitting designated construction projects and related projects, which would otherwise be permitted by other authorities. The DESU also issues framework permits for nuclear installations and related structures located inside and outside the nuclear installation site.

When assessing a project, the DESU takes into account the technical and economic aspects, as well as the project’s impact on the environment, public health, and other public interests. As concerns public health issues, the DESU will be the only construction authority to assess public health issues, replacing regional health offices in the case of building permits, while in the case of assessing environmental impacts, it will have to rely on the Single Environmental Statement (SES), which is governed by *Act No. 148/2023 Coll.* and represents the integration of various environmental assessments into a single binding document. The SES replaces up to 26 separate administrative acts and is issued by the competent authorities for all projects permitted under the new *Construction Act*.

The DESU is also an administrative appeal body against decisions of regional building authorities in the area of non-reserved transport and energy infrastructure projects, to which the exercise of certain powers in the field of decision-making on minor transport and energy infrastructure projects is transferred from municipal building authorities. Last but not least, the DESU takes over part of the execution of expropriation proceedings, which was previously exercised by local authorities. Although the new *Construction Act* generally does not come into force until July 1, 2024, the new processes for permitting designated construction projects by DESU started on January 1, 2024. However, it is important to note that the permitting process may be affected by transitional provisions that apply to proceedings initiated before the new *Construction Act* comes into force. In such cases, the former *Construction Act* (No. 183/2006) will be followed. ●

## Austria: Public-Private Partnership – Is This Model Becoming Obsolete?

By Jasna Zwitter-Tehovnik, Partner, and Martin Navara, Associate, DLA Piper



Public-private partnerships (PPPs) offer a way to procure infrastructure and services that traditionally do not include private capital involvement with private finance participation. PPPs have been introduced as a general acknowledgment of the need to solve the infrastructure gap in many countries – especially in emerging market and developing economy (EMDE) countries. EMDE countries need to rely on private resources as a means of accelerating infrastructure development. Attractive for a high degree of flexibility in light of multiple variations across the globe regarding the scoping of a PPP, PPPs enable efficiency and high value for money.

There is no universally accepted definition for the PPP concept. Similarly, at the level of the European Union (EU), the EU Commission has not defined the term PPP by way of statutory definition. Nevertheless, it is widely accepted that the term refers to forms of cooperation between public authorities and the world of business, aiming to ensure the funding, construction, renovation, management, and maintenance of infrastructure for the provision of services. Indeed, the definition of PPP is often defined in national legislation of individual jurisdictions. In Austria, however, the PPP model has not yet received the necessary support from the Austrian legislator to become a regular procurement tool.

Particularly, for a long time, Austrian law did not provide for a specific legal framework regarding PPPs. The first (tender) phase is generally governed by the general public procurement rules. Other provisions related to PPPs are, however, fragmented through the system of Austrian legislative acts. For instance, section 55h of the *Austrian Railway Act* explicitly allows the procurement of functions associated with the construction and operation of railways to be performed by parties to PPPs. Furthermore, section 42h of the *Austrian Copyright Act* allows for PPPs to reproduce works without consent for personal use or for a research institution or a cultural heritage institution for research purposes, using automated text or data analysis. In this context, in 2023, the Austrian legislator added an obligation for Media Hub Austria – an innovative media support institution – to enter PPP models with external media companies, institutions, universities, or networks to fulfill its tasks.



As part of the requirement to implement *Directive 2014/23/EU*, the awarding of concession contracts is subject to the *Federal Procurement Act Concessions 2018*. This allows contracting authorities a more flexible organization of the award procedure. In particular, contracting authorities can determine the individual procedural steps themselves and therefore have more leeway than when awarding public contracts in accordance with the *Federal Procurement Act 2018*. The qualification of a contract as a concession therefore has far-reaching consequences for the award procedure.

Indeed, concession contracts for works or services are characterized by two features: (1) The consideration for the work consists of the right to use or exploit the works or services in question. In addition to this right of use, a price may be paid. (2) The concessionaire bears the operating risk.

In addition to the right to use or exploit the building or service, a concession is characterized by the transfer of the operating risk for the use of this concession right to the concessionaire. An economic risk is borne if under normal operating conditions, there is no guarantee that the investment expenditure or the costs of operating the structure or providing the service can be recouped. In principle, the payment of a subsidy by clients is not detrimental as long as the transfer of operating risk means that concessionaires are actually exposed to the uncertainties of the market and therefore their estimated potential losses are not merely nominal or negligible.

Nonetheless, despite a certain – albeit dispersed – legal framework, the PPP structure is not a regular phenomenon in the Austrian legal landscape. Subsequent to the A5 highway project 15 years ago, transactions were smaller, like the nine new Viennese school campuses which tried to utilize an innovative approach. Moreover, the PPP model was criticized in the past by the Federal Court of Auditors, one of the authorities competent for the supervision of PPPs in Austria, because of their alleged cost overruns and negative value for money. This highly successful model elsewhere must therefore first prove itself in Austria. ●

## Bulgaria: Legislative Amendments Pave the Way to Opportunities in Infrastructure and Industrial Development

By Boryana Boteva, Head of Projects and Infrastructure, and Simeon Vachev, Senior Associate, Kinstellar



Major infrastructure and industrial projects depend on careful government planning and resources. However, Bulgaria's government has been in flux since 2021, with six general elections in the last four years. Nevertheless, there have been some legislative developments that could stimulate private investment in the fields of utilities, transport, postal services, energy, and industrial manufacturing.

### Concessions Act – Untested Opportunities

Important amendments to the Bulgarian *Concessions Act* were enacted in 2021 but remain untested in practice and little publicized. According to the changes, concessions can be granted by so-called “contracting entities,” meaning entities carrying out specific sectoral activities and awarding a concession for any of those activities.

In addition to public authorities (state, regional, or local governments), contracting entities are also the bodies governed by public law, the public undertakings, and other entities that operate on the basis of special or exclusive rights granted for the exercise of one of the sectoral activities. The activities concerned include: operation of networks for providing a service to the public in connection with the production, transport, or distribution of gas, heat, or electricity; public services in the field of transport; postal services; and extraction of oil or gas, among others.

The concept of contracting entities (as opposed to contracting authorities) is not new – it was introduced in 2014 by *Directive 2014/23/EU on the award of concession contracts*. However, it was not transposed into Bulgarian law until the 2021 amendments to the *Concessions Act*. Concessions can therefore be awarded not only with regard to state- or municipality-owned property but also in cases concerning assets owned by entities (including commercial companies) that perform the specified sectoral activities.

Although introducing contracting entities is a good step, the *Concessions Act* remains ambiguous as to whether such entities may effectively award concessions. This appears to not yet be possible as the law only allows the powers of a concession grantor to be exercised by a minister or municipal mayor. This could be one of the main reasons why the concession options related to entities carrying out sectoral activities have not yet been tested in practice.

### Forthcoming Amendments to the Industrial Parks Act



A legislative initiative for amending the *Industrial Parks Act* was brought forward in early 2024 and a draft bill is currently with the parliament. The amendments aim to improve the investment environment and encourage investors to engage in manufacturing activities in industrial parks. Three significant amendments can be singled out: the introduction of a new type of industrial park, the criteria for determining key industrial parks, and the enhancement of the development phase of industrial parks in terms of spatial planning.

The current minimum threshold for an industrial park is set at 300,000 square meters, with limited exceptions applicable to industrial parks for high-tech activities and services. The amendments envisage another exception – industrial parks specialized for a single or similar type of manufacturing activities with a threshold of 150,000 square meters. The proposal has been criticized by stakeholders for lacking justification. The approval of such an amendment would be a test of the government's initial goal to stimulate the formation of clusters.

An industrial park may be declared as a key industrial park if approved by the Council of Ministers, but no specific statutory criteria for inclusion exist. Secondary legislation is therefore proposed to determine such criteria. Owners and investors of key industrial parks would benefit from preferential treatment when applying for support under the *Investment Promotion Act* and for financial support at the national and EU levels.

An industrial park is allowed to be created at an early stage of the spatial planning of the included land plots. If the draft bill is adopted, the park owner should proceed quickly with the development phase after registration, as pursuant to the amendments, the industrial park would be deregistered if a detailed development is not entered into force and submitted within two years of registration.

While we have not yet witnessed any concession granted by a contracting entity and cannot predict the timeline for the approval of the amendments to the *Industrial Parks Act*, both developments send an overall positive signal to investors. ●

## Serbia: EXPO Belgrade 2027 and the Role of PPPs in Infrastructure Development

By Ognjen Colic, Partner, and Nikola Ivkovic and Dusan Jablan, Associates, Gecic Law



Serbia's booming construction sector and ongoing infrastructure projects establish it as a vital economic hub in the region. In 2023, construction works valued at over EUR 5 billion contributed around 5.5% to the national GDP. The country's strategic location and ambitious infrastructure plans have attracted significant foreign investment. With projects like highways, railways, and energy facilities underway, Serbia is strengthening its position as a critical economic connector in Southeast Europe.

### EXPO Belgrade 2027 – Infrastructure Development

Serbia recently secured the opportunity to host the high-profile EXPO 2027 international exhibition. It has taken decisive steps toward realizing the exhibition, which has been declared a project of national significance. Preparations for the event are expected to involve a wide range of infrastructure projects, including transportation networks, public spaces, and facilities upgrades with a lasting impact. Seen as an opportunity for local and international companies, the project is expected to stimulate economic activity significantly. In the context of EXPO 2027, Public-Private Partnerships (PPPs) could play a crucial role as one of the essential methods to support economic growth and investment in infrastructure development.

### The Notion of Public-Private Partnerships

PPPs were introduced in the Serbian legislature through the *Public-Private Partnership and Concessions Act* (Act) in 2011 and amended twice in 2016. Article 7 of the Act defines PPPs as long-term cooperation between a public and a private partner for financing, constructing, reconstructing, managing, or maintaining infrastructure and other facilities and provision of services of public importance, which can be contractual or institutional. This legislative definition draws inspiration, at least in part, from the European Commission's *Green Paper on Public-Private Partnerships and Community Law on Public Contracts and Concessions*.

### PPP Projects in Serbia

PPP Projects are generally regarded as beneficial for local economic development and growth. The number of PPPs in Serbia has seen an upward trajectory in recent years, reflecting a growing appreciation for their role in leveraging private sector efficiency and resources. As of April 2024, the Serbian Commission for



PPPs has approved 284 PPP projects, approximately 90 of which incorporate a concession component. High-profile initiatives like the concession of Belgrade Airport and the E-763 highway PPP represent significant national projects. However, most PPPs are smaller, local endeavors that, while less grand in scale, are crucial in their impact. These local PPPs play an essential role in enhancing the business environment and contribute to local communities' economic development and sustainability.

Significantly, a substantial portion of the PPPs in Serbia are carried out by small and medium-sized enterprises (SMEs). These PPPs play a pivotal role in fulfilling the demand for specific public and utility services within communities and stimulating local economies. By engaging SMEs, PPPs contribute to generating employment in the private sector, which in turn helps streamline public sector staffing at the regional level. In this regard, PPPs are often directly associated with or sometimes can become synonymous with local economic development (LED). By leveraging the capabilities and investments of the private sector, PPPs help catalyze economic growth in services and regions that might otherwise struggle to attract direct investment.

A recent study sheds light on the sectors most frequently served by local PPPs in Serbia. Transportation services lead with 28% of the PPPs focused on this area, followed closely by public lighting, which accounts for 24.5%. Other significant sectors include the production and distribution of heat (8.5%), communal waste management (6%), local road reconstruction (9.5%), and the management of public garages (2.5%). The remaining 16% of PPPs span a variety of other services. The study's insights are essential in understanding the realities of how PPPs are being utilized to develop public infrastructure and services across Serbia, and they point to potential areas for further development, especially in underrepresented regions.

### Final Remarks

In conclusion, Serbia's pursuit of PPPs reflects a strategic approach to infrastructure development, emphasizing collaboration between the public and private sectors to drive economic growth and enhance service provision. The upcoming EXPO Belgrade 2027 presents an opportunity for further infrastructure development through PPPs, which is crucial in driving investment and economic growth. ●

## North Macedonia: Special Regime for Facilities of Strategic Importance

By Marija Filipovska Jelcic, Partner, and Aleksandar Josimovski, Senior Attorney-at-Law, CMS Skopje



The Macedonian legislature has amended multiple laws for the purpose of introducing special rules for facilities of strategic importance, which are highly significant for the development of the infrastructure. Pursuant to the latest amendments of the *Law on Spatial Planning* (LSP) and the *Law on Construction* (LC), both of which entered into force on May 30, 2023, the “facilities of strategic importance” category includes state roads, railway lines, backbone gas pipelines, and any other facilities of public interest that are built as strategic investment projects or projects of strategic national importance.

The project scope for a facility of strategic importance (Facility) would be regulated by means of a spatial project for facilities of strategic importance (Spatial Project). The law provides alternative approaches for investors, who can decide whether they want to define the boundaries of the project scope in one Spatial Project or in stages by preparing multiple Spatial Projects.

The producer of the Spatial Project is obliged to submit a request detailing the project scope to obtain necessary data from relevant entities (e.g., legal entities, ministries, institutions, and other authorities for spatial planning, energy, water supply, infrastructure, agriculture, environmental protection, transport, etc.). The relevant entities are obliged to provide the data and information within seven working days from the date of the request, which is shorter than the general deadline of 15 days for the same entities to respond in all other cases. Among other things, the LSP also stipulates shorter deadlines than the general ones for the issuance of spatial planning terms by the Agency for Spatial Planning (three working days from the date of receipt of the request), the adoption of a decision on the spatial planning terms by the Ministry of Transport and Communications (two working days from the date of receipt of the request), and conducting the digital overlay of the project by the Real Estate Cadastre Agency (Cadastre Agency) (five working days from the date of receipt of the project). The above approach is intended to speed up the completion of the necessary formalities for the preparation of the Spatial Project and emphasizes the priority assigned to such projects.

The Government of the Republic of North Macedonia (the Government) would decide on the Spatial Project based on the documentation submitted and the completed Spatial Project. In case

of a positive decision, the Cadastre Agency conducts the pre-registration in the Real Estate Cadastre *ex officio*, indicating that the Facility is under construction based on the Government’s decision and a geodetic survey.



Additionally, the *Law on Minerals* stipulates that a concession for detailed geological exploration of minerals for the construction of European road corridors of strategic interest and/or a concession for the exploitation of minerals for the construction of European road corridors, state roads, and hydro-technical facilities may be granted based on a request, although the general regime stipulates preparation and publication of a public call for granting of concession rights. The above enables the construction of the Facility with reduced construction costs and administrative burdens.

The LC also stipulates a special regime for Facilities. Among other things, the rules on conceptual design, issuance of a construction permit, conditions for commencement of construction, alterations during construction, deadlines for completion of construction works, and dislocation of grids, substations, or pipelines would not be applicable.

Construction works for a Facility would be performed in accordance with the Spatial Project, as no construction permit is required. Upon completion of the construction works, an as-built design of the Facility is to be prepared and subsequently verified by the supervising engineer who monitored the construction.

A use permit may be issued for the Facility even if not all real estate rights have been fully regulated in cases where a decision on granting possession of the land was issued in an expropriation procedure. However, registration of the Facility in the public record of real estate can only be conducted following the regulation of real estate rights with the owner(s) of the land on which the Facility has been constructed. The above approach enables the use of the Facility prior to its registration in public records.

The determination of the Macedonian authorities to create a favorable legal framework for the implementation of infrastructure projects is indisputable. However, it remains to be seen whether the enacted legislation will be sufficient to boost infrastructure development. ●

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A Step Ahead